



NEWS RELEASE

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FOR IMMEDIATE RELEASE

Allegheny Energy Reports Unplanned Outage at Harrison Power Station

GREENSBURG, Pa., July 17, 2006— Allegheny Energy, Inc. (NYSE: AYE) today announced that one generating unit at its Harrison Power Station near Haywood, W.Va. is experiencing an unplanned outage due to failure of a transformer in a 500-kilovolt transmission facility immediately adjacent to the power station.

The incident occurred around 5:40 p.m. on Saturday, July 15. While the generating unit was operating normally, the transformer failure caused the automatic shutdown of Harrison Unit 1.

The Harrison plant has three coal-fired generating units with a total capacity of 1,972 megawatts. Unit 1 (651 megawatts) is the only unit affected. All nine of the company's other supercritical generating units are on line at the present time.

Harrison Unit 1 will remain off line while the company replaces the transformer with a spare, which is currently at the site, and completes related repair work. The company expects to return Unit 1 to service by mid-August. Allegheny estimates that the unplanned outage will adversely impact third quarter financial results by \$10 - \$15 million (pre-tax), consisting of lost revenues (net of fuel cost savings) and repair expense.

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: 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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