



## NEWS RELEASE

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### **FOR IMMEDIATE RELEASE**

#### **Allegheny Energy Announces \$100 Million Bond Issuance by The Potomac Edison Company**

**GREENSBURG, Pa., October 16, 2006**—Allegheny Energy, Inc. (NYSE: AYE) today announced that its subsidiary, The Potomac Edison Company, will issue \$100 million (aggregate principal amount) of first mortgage bonds. The bonds will carry a coupon of 5.80 percent and mature on October 15, 2016.

Potomac Edison intends to use the net proceeds from the sale of the bonds, plus available cash, to fund the repayment at maturity of the \$100 million aggregate principal amount of 5.0 percent medium-term notes due November 1, 2006. Allegheny expects to complete the bond issuance on October 23, 2006.

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 and Virginia. For more information, visit our Web site at [www.alleghenyenergy.com](http://www.alleghenyenergy.com).

#### **Forward-Looking Statements**

*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 delivery business, Allegheny Power; the closing of various agreements; financing plans; demand for energy and the cost and availability of raw materials, including coal; provider-of-last-resort ("PLR") 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; 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 customer switching behavior and their resulting effects on existing and future PLR load requirements; 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 participants rules and tariffs; the effect of accounting pronouncements 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 and registration statements filed with the Securities and Exchange Commission. These forward-looking statements speak only as of the date of this document. Allegheny Energy undertakes no obligation to update its forward-looking statements to reflect events or circumstances after the date of this document.*

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