



NEWS RELEASE

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FOR IMMEDIATE RELEASE

Allegheny Energy's Emission Reduction Efforts Reach New Milestone at Pleasants Power Station

GREENSBURG, Pa., July 20, 2006—Allegheny Energy, Inc. (NYSE: AYE) today announced the start of vertical construction for the new 640-foot tall chimney at its Pleasants Power Station. The chimney is an integral portion of a \$110 million environmental upgrade at the 1,300-megawatt, coal-fired facility in Willow Island, W.Va.

Completion of the work will eliminate more than 30,000 tons of sulfur dioxide emissions annually by sending 100 percent of the flue gases through the station's desulfurization equipment (scrubbers). The project includes installing new emissions monitoring equipment and flue gas duct systems.

"The Pleasants upgrade is another key element in our commitment to environmental stewardship," said Paul J. Evanson, Chairman, President and Chief Executive Officer of Allegheny Energy. "We continue to move aggressively to improve our environmental performance. This project will bring cleaner air to the region and allow us to continue using local coal at Pleasants, preserving mining industry jobs."

In addition to reducing sulfur dioxide emissions, scrubbing all of the Pleasants' flue gases will mitigate the periodic discharge of fly ash from the existing stacks and reduce mercury emissions. Current plans call for the equipment to be in service in early 2008.

Allegheny's comprehensive commitment to environmental stewardship extends beyond the Pleasants project and also includes:

- The installation of scrubbers at the Fort Martin Power Station near Maidsville, W.Va. The project will remove approximately 95 percent, or more than 92,000 tons, of the sulfur dioxide emissions and significantly lower mercury emissions at the 1,107-megawatt facility. By using securitization, a financing technique approved by the West Virginia legislature and Public Service Commission, Allegheny will be able to complete the Fort Martin project in 2009.
- Scrubber installation is also planned at the 1,710-megawatt Hatfield's Ferry Power Station near Masontown, Pa. The \$550 million project will remove more than 95 percent, or 145,000 tons

per year, of the sulfur dioxide emissions and significantly lower mercury emissions at the facility. The project is also expected to be complete in 2009.

- Allegheny now includes Powder River Basin coal as part of its fuel mixture to reduce sulfur dioxide emissions on an interim basis until planned scrubber projects are operational. The low-sulfur coal complements the majority of the company's coal, which originates from mines primarily in Pennsylvania, West Virginia and Ohio. The fuel blend began last year.

The Pleasants, Fort Martin and Hatfield's Ferry projects are part of Allegheny Energy's comprehensive plans to reduce total sulfur dioxide emissions by more than 250,000 tons compared to 2002 levels. As a co-benefit, these environmental projects will significantly reduce mercury emissions and preserve the long-term, competitive position of each facility.

A fact sheet and a high-resolution photo of the Pleasants Power Station are available at www.alleghenyenergy.com/NewsroomHome.asp.

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.