



NEWS RELEASE

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FOR IMMEDIATE RELEASE

West Virginia Commission Approves Installation of Scrubbers at Fort Martin Power Station

GREENSBURG, Pa., April 10, 2006 – Allegheny Energy, Inc. (NYSE: AYE) announced today that the Public Service Commission of West Virginia has approved a key element of the company's plan to reduce sulfur dioxide emissions at its coal-fired power plants.

In an order issued Friday, the commission authorized Allegheny to construct and operate flue gas desulfurization equipment (scrubbers) at the company's Fort Martin power plant in West Virginia. The order also authorized a project financing technique known as securitization. The Fort Martin project is part of a broader program aimed at reducing Allegheny's sulfur dioxide emissions by nearly 75 percent, or approximately 250,000 tons per year, compared to 2002 levels.

"We appreciate the Commission's support of this important step in our environmental stewardship program," said Paul J. Evanson, Chairman, President and Chief Executive Officer of Allegheny Energy. "Installing scrubbers at Fort Martin will bring cleaner air to the region, enable us to use more local coal and create more than 350 construction jobs in West Virginia."

Allegheny will finance the \$338-million project and certain related financing costs by issuing environmental control bonds. Funds collected from customers through an environmental surcharge will be dedicated to the repayment of those bonds. The surcharge will amount to about \$2.45 per month for a typical residential customer using 1,000 kilowatt-hours of electricity. Excluding the surcharge, a typical Allegheny Power residential customer in West Virginia currently pays about \$70 per month for 1,000 kilowatt-hours, well below the national average of more than \$90.

Legislation enabling the use of securitization was approved by the West Virginia legislature and was signed by Governor Joe Manchin last year. This financing mechanism will result in substantial savings to consumers compared to traditional ratemaking. Without securitization, scrubbing Fort Martin would cost approximately twice as much over the life of the project. In addition, customers' bills will reflect the benefit of lower coal and sulfur dioxide allowance costs when the scrubbers are placed in service.

In a second order issued Friday, the Commission also approved a generation ownership exchange plan, which gives Monongahela Power, Allegheny's West Virginia utility subsidiary, full ownership of Fort Martin and certain other plants in West Virginia. The Federal Energy Regulatory Commission approved the ownership exchange plan on October 21, 2005.

The design, permitting and construction of the Fort Martin project would occur over approximately three years, with an estimated in-service date in 2009. Other key components of Allegheny's environmental stewardship program include:

- a scrubber installation project which is under consideration for the Hatfield's Ferry (Pa.) power plant,
- construction of a new chimney and duct work to scrub 100 percent of the flue gasses at the Pleasants (W.Va.) power plant, and
- the use of lower-sulfur Powder River Basin coal at Fort Martin and Hatfield on an interim basis. Allegheny began burning the lower-sulfur coal in August 2005.

With the completion of the Fort Martin and Hatfield's Ferry projects, Allegheny will have scrubbers in place on about 85 percent of its coal plant capacity by the end of the decade.

Fact sheets and a high-resolution photo of the Fort Martin plant are available from at www.alleghenyenergy.com/Newsroom/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: 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.

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