



NEWS RELEASE

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FOR IMMEDIATE RELEASE

Allegheny Energy and American Electric Power to Form Joint Venture to Build 765-kV Transmission

PJM Planning Study Calls for Transmission Expansion

GREENSBURG, Pa., April 18, 2007 – Allegheny Energy, Inc. (NYSE: AYE) has signed a memorandum of understanding with American Electric Power (NYSE: AEP) to form a joint venture company to build and own new electric transmission assets within PJM Interconnection.

Under the terms of the memorandum, Allegheny and AEP will build 765-kV transmission lines and related facilities to link AEP's Amos substation, near St. Albans, W.Va., with Allegheny's proposed Kemptown station in Maryland. The joint venture will build and own approximately 250 miles of 765-kV transmission lines from AEP's Amos station to the Maryland border. An additional estimated 40 miles of 765-kV transmission line from the Maryland border to the Kemptown substation will be developed and owned by Allegheny.

Based on current plans, the proposed project is estimated to cost approximately \$1.8 billion, some of which would be owned by the joint venture, with other portions owned by the respective companies. Allegheny currently estimates that its total investment in the project will exceed \$1 billion. The board of the joint venture company will determine the scope of any additional transmission investments.

A PJM study released today indicates that the Amos-Kemtown 765-kV line is the preferred solution for ensuring the long-term reliability of the region's transmission system. Allegheny and AEP anticipate that the Amos-Kemtown line will be included in the next PJM Regional Transmission Expansion Plan (RTEP) scheduled for release in mid-2007. Once the project is included in the RTEP, the joint venture will seek regulatory recovery consistent with the Federal Energy Regulatory Commission's declaratory orders made July 20, 2006 for Allegheny's Trans-Allegheny Interstate Line Project and the AEP Interstate Project. The in-service date for Amos-Kemtown will be determined by PJM, with the earliest possible completion in 2012.

"We stand ready to strengthen the transmission system in accordance with PJM's findings. Its latest study confirms that further investment is critical to providing dependable electric service and keeping pace with growing demand," said Paul J. Evanson, Chairman, President and Chief Executive Officer of Allegheny Energy. "Joining forces with AEP leverages both companies' strengths for this essential project."

The joint venture will operate as a transmission utility and be subject to the rules and regulations of the Federal Energy Regulatory Commission and PJM. It will be managed by a board that includes two

representatives from AEP and two from Allegheny. AEP will have lead responsibility for engineering, designing and constructing the 765-kV elements of the project. Each company will provide services to the joint venture for siting, acquiring rights-of-way, regulatory approvals, and operations and maintenance of the project.

Allegheny's Trans-Allegheny Interstate Line (TrAIL), a separate, 210-mile project scheduled for completion in 2011, would not be part of the joint venture. The agreement also does not preclude either company from pursuing other transmission opportunities in PJM.

Allegheny and AEP expect to execute definitive agreements for the joint venture by mid-2007 and anticipate the joint venture will begin operations in the second half of 2007.

Allegheny Energy

Headquartered in Greensburg, Pa., Allegheny Energy is an investor-owned electric utility with total annual revenues of over \$3 billion and more than 4,000 employees. The company owns and operates generating facilities and, under the name Allegheny Power, delivers low-cost, reliable electric service to over 1.5 million 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 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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