



## NEWS RELEASE

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### **FOR IMMEDIATE RELEASE**

#### **Allegheny Energy Chairman Outlines Growth Path at Annual Shareholders Meeting**

**NEW YORK, May 17, 2007** – Paul J. Evanson, Chairman, President and Chief Executive Officer of Allegheny Energy, Inc. (NYSE: AYE) today outlined the company’s plan for future growth at the annual meeting of shareholders, while also recognizing the financial progress that has occurred in the four years since the company was on the brink of bankruptcy.

“This has been an extraordinarily successful turnaround, as our recent return to an investment grade credit rating indicates,” Evanson said. “But the really good news is the story is not over, because we are at the beginning of a strong growth phase.”

Evanson joined Allegheny in June 2003, shortly after the investor-owned utility suffered a convergence of crises that nearly collapsed the company. A foray into energy trading, liquidity crises and crushing debt combined to make bankruptcy a distinct possibility.

Since Evanson joined the company, management has sold non-core assets, reduced debt by more than \$2.5 billion, driven down costs and improved operational performance.

Significantly, Allegheny returned to investment grade rating earlier this month when Standard & Poor’s upgraded the company’s corporate credit rating from BB+ to BBB-. The company had not held an investment grade credit rating since October 2002.

The company’s growth plan includes investing in transmission expansion, a transition to market-based pricing and achieving top-quartile operating performance at its generating facilities.

“We’re well-positioned to continue our success through the end of the decade and beyond,” Evanson told shareholders. “Allegheny is now one of the best growth stories in the industry.”

#### **Annual Meeting Results**

During the business session of the annual meeting, shareholders overwhelmingly reappointed all nine members of the Board of Directors. In addition to Evanson, members of the Board are H. Furlong Baldwin, Eleanor Baum, Cyrus F. Freidheim, Jr., Julia L. Johnson, Ted J. Kleisner, Steven H. Rice, Gunnar E. Sarsten and Michael H. Sutton.

PricewaterhouseCoopers, LLP was reappointed as Allegheny’s independent registered public accounting firm for 2007.

As recommended by the Board of Directors, stockholders rejected four shareholder proposals, including one regarding separating the roles of the Chairman of Board and the Chief Executive Officer. Stockholders approved shareholder proposals to amend corporate governance documents to implement majority voting for the election of Directors, to give holders of at least 10% to 25% of outstanding common shares the ability to call a special stockholder meeting, and to adopt a policy regarding performance-based stock options. The board will be considering these proposals.

## **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 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](http://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; 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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