



NEWS RELEASE

800 Cabin Hill Drive, Greensburg, PA 15601-1689

Media contact:
David Neurohr
Manager, Corporate Communications
Phone: (724) 838-6020
Media Hotline: (888) 233-3583
E-mail: dneuroh@alleghenyenergy.com

Investor contact:
Max Kuniansky
Executive Director, Investor Relations
and Corporate Communications
Phone: (724) 838-6895
E-mail: mkunian@alleghenyenergy.com

FOR IMMEDIATE RELEASE

Allegheny Energy Announces Pricing of Fort Martin Bonds

GREENSBURG, Pa., April 4, 2007 – Allegheny Energy, Inc. (NYSE: AYE) announced today that its two recently formed subsidiaries, MP Environmental Funding, LLC and PE Environmental Funding, LLC plan to issue \$459 million (aggregate principal amount) of senior secured sinking fund bonds.

Allegheny expects the transaction to close on April 11. Net proceeds from the sale of the bonds will fund the construction and installation of flue gas desulfurization (scrubber) equipment at the Fort Martin Power Station, located six miles north of Morgantown, W.Va.

The bonds will be offered in several tranches. The pricing and scheduled maturity dates of the respective tranches are:

<u>Size (\$ millions)</u>					
<u>MP Environmental Funding, LLC</u>	<u>PE Environmental Funding, LLC</u>	<u>Coupon Rate (%)</u>	<u>Scheduled Maturity</u>	<u>Average Life (years)</u>	
\$ 86.2	\$ 28.5	4.9820%	July 2014	4	
76.0	25.7	5.2325%	July 2019	10	
153.3	50.7	5.4625%	July 2026	16	
29.0	10.0	5.5225%	July 2027	20	

Because the bonds are backed by an irrevocable financing order from the Public Service Commission of West Virginia, Standard & Poor's, Moody's Investors Service and Fitch Ratings are expected to assign the bonds a AAA or equivalent rating – their highest credit rating.

The scrubbers will reduce sulfur dioxide emissions by approximately 95 percent at the Fort Martin facility. The power station provides electricity primarily to Monongahela Power Company and Potomac Edison Company, which serve Allegheny Power customers in West Virginia.

This release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any state in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any state. The offer may be made only by means of a

prospectus, which can be obtained from Keith Keingarsky, First Albany Capital Inc., One Penn Plaza, 42nd Floor, New York, NY 10119 or keith.keingarsky@fac.com.

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. Through its two major businesses, Allegheny Energy Supply Company, LLC and Allegheny Power, 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.

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.

-###-