



NEWS RELEASE

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FOR IMMEDIATE RELEASE

Allegheny Energy and AEP Finalize Joint Venture to Build Transmission Line *PATH Will Link West Virginia and Maryland*

GREENSBURG, Pa., August 23, 2007 – Allegheny Energy, Inc. (NYSE: AYE), today announced that it finalized its transmission joint venture agreement with American Electric Power (NYSE: AEP). The companies announced plans earlier this year to create a joint venture to build the Potomac-Appalachian Transmission Highline (PATH), a 290-mile, high-voltage transmission line.

The project includes 244 miles of 765-kV transmission from AEP's Amos substation near St. Albans, W.Va., to Allegheny's Bedington substation, northeast of Martinsburg, W.Va. Another 46 miles, consisting of twin-circuit 500-kV lines, will be constructed from Bedington to a new substation to be built and owned by Allegheny at Kempton, located southeast of Frederick, Md.

The companies expect the total project cost to be approximately \$1.8 billion. Allegheny's share of the estimated costs will be approximately \$1.2 billion. PJM Interconnection, LLC, the regional transmission organization, identified June 2012 as the system need date for the project.

The name of the joint venture holding company is Potomac-Appalachian Transmission Highline, LLC. Work will begin on a routing study and environmental assessment for the project in the early fall of 2007, which will require about one year to complete. Following the completion of the routing study, the joint venture's operating companies will seek approvals from the utility regulatory commissions in both West Virginia and Maryland for the project.

The operating companies of the joint venture will operate as transmission utilities and be subject to the rules and regulations of the Federal Energy Regulatory Commission (FERC), PJM, and state regulatory authorities in West Virginia and Maryland. AEP will have lead responsibility for engineering, designing and managing the construction of the 765-kV elements of the project through a service agreement with the joint venture operating companies. Allegheny will have similar responsibilities for 500-kV elements. Each company will provide services to the joint venture operating companies for siting, acquiring rights-of-way, securing regulatory approvals from the states the line crosses and maintenance of the project.

Allegheny's Trans-Allegheny Interstate Line (TrAIL), a separate 210-mile project targeted 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 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.

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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