



NEWS RELEASE

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FOR IMMEDIATE RELEASE

Allegheny Announces New Employment Agreement with CEO Paul Evanson

GREENSBURG, Pa., July 27, 2007 – Allegheny Energy, Inc. (NYSE: AYE) today announced that it has entered into a new employment agreement with Paul J. Evanson. The agreement became effective yesterday and ends on June 15, 2010. Mr. Evanson will remain as Chairman, President and Chief Executive Officer during the term of the agreement.

“I appreciate the board’s confidence, and look forward to continuing to work on building shareholder value,” said Mr. Evanson.

For financial planning, tax and charitable reasons, Mr. Evanson intends to enter into an option exercise and stock sale program which will follow guidelines specified under Rule 10b5-1 of the Securities Exchange Act of 1934. Under the program, Mr. Evanson would exercise his Allegheny common stock options and sell the related shares at predetermined times over a period of approximately one year. This election will apply to his 1.2 million vested options and 300,000 unvested options.

After completing the stock sales under the Rule 10b5-1 program, Evanson’s ownership of Allegheny stock will exceed one million shares and should grow as additional stock units vest next year and equity is awarded pursuant to the new employment agreement.

“I plan to maintain my investment in Allegheny stock for the indefinite future,” Mr. Evanson said. “Our stock has been one of the best performers in the industry over the past four years, and I am confident in our future growth prospects.”

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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