



NEWS RELEASE

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FOR IMMEDIATE RELEASE

Allegheny Energy Proposes Rate Transition Plan in Virginia *First Rate Adjustment Requested in Over Six Years*

GREENSBURG, Pa., April 12, 2007 – Allegheny Power, the electric delivery subsidiary of Allegheny Energy, Inc. (NYSE: AYE), announced today that it has submitted a request to the Virginia State Corporation Commission to recover the increased cost of purchasing power beginning July 1, 2007.

This is the first change in Allegheny's Virginia rates in over six years, despite dramatic increases in the cost of fuels used to generate electricity. Since 2000, the cost of natural gas has increased by 74 percent and the cost of coal has increased by 41 percent. As a result, power prices have risen significantly.

“If there were no plan to help customers transition to current prices, it would be necessary for Allegheny to request an \$85 million rate increase,” stated David E. Flitman, President of Allegheny Power. “But we recognize the financial impact that a large, one-time rate increase would have on our customers, so we have proposed a transition plan to moderate the increase and spread it over four years. Allegheny remains committed to quality service and providing reliable power at the lowest possible price to our Virginia customers.”

Under the request Allegheny filed today:

- Rates for a typical residential customer would increase by 16 percent effective July 1, 2007. Without the proposed transition plan, the residential rate increase would have been 41 percent, based on the company's estimated cost of purchasing power.
- Purchased power costs not recovered through the July 2007 increase would be deferred for recovery over the subsequent 3-year period. Unrecovered costs would earn interest at the company's weighted cost of capital.

Allegheny's Virginia rates are currently among the lowest in the nation, according to the Energy Information Administration. Even after the July 1 adjustment, the company's residential rate would still be well below state and national averages. Under Allegheny's proposal, the July 2007 monthly bill for an average residential customer using 1,000 kilowatt-hours would be approximately \$77, as compared to the state average of \$85 and the national average of \$104.

Allegheny's filing also proposes a competitive bidding process to secure its Virginia power requirements. The initial contract period will run from July 1, 2007 to May 31, 2008.

For home energy efficiency tips or information on budget billing, customers should visit www.alleghenypower.com or call Allegheny Power's Customer Service Center at 1-800-Allegheny (1-800-255-3443).

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 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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