



NEWS RELEASE

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FOR IMMEDIATE RELEASE

Allegheny Energy Files Modified Rate Request in Virginia

GREENSBURG, Pa., September 11, 2007 – Allegheny Power, the electric delivery business of Allegheny Energy, Inc. (NYSE: AYE), announced today that it has filed a modified rate increase proposal with the Virginia State Corporation Commission.

The proposed increase would be 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, wholesale power prices have risen significantly.

Allegheny began purchasing power at wholesale market prices for its Virginia customers on July 1. To moderate the customer bill impact of the increased costs, the company proposed a four-year rate stabilization plan earlier this year. The commission denied that request.

Today's filing asks the commission to approve recovery of purchased power costs totaling \$44.9 million that Allegheny must pay to supply that portion of its Virginia load above 367 megawatts (MW) – the amount of load served by the Virginia generation assets formerly owned by the company before restructuring in 2000. Since then, Allegheny's Virginia load has grown significantly, and is currently 605 MW, or about 3.2 million megawatt-hours annually. Allegheny continues to believe it is entitled to full recovery of all its purchased power costs, and maintains its appeal to the Virginia Supreme Court on that issue. However, the company believes that, even under the commission's recent interpretation of a Memorandum of Understanding between the company and the commission, Allegheny is entitled to recover the costs for serving all incremental load above the historic 367 MW.

Allegheny's Virginia rates are currently among the lowest in the nation according to the Energy Information Administration. Even after the adjustment, which would be effective October 23, 2007, the company's residential rate would still be below state and national averages—the monthly bill for an average residential customer using 1,000 kilowatt-hours would be approximately \$81, as compared to the state average of \$83 and the national average of \$103.

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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