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FOR IMMEDIATE RELEASE

Allegheny Power Proposes Projects to Help Meet EmPOWER Maryland Targets
Advanced Utility Infrastructure (AUI) Pilot and 13 Energy-Efficiency Programs Outlined

GREENSBURG, Pa., September 9, 2008 – Allegheny Power, the electric distribution business of Allegheny Energy, Inc. (NYSE: AYE), today announced the filing of 13 proposed energy-efficiency and conservation programs, and an Advanced Utility Infrastructure (AUI) pilot project, with the Maryland Public Service Commission (PSC). The programs and pilot are subject to Commission approval and are Allegheny's response to the EmPOWER Maryland Energy Efficiency Act, which targets a 15 percent reduction in energy consumption by 2015.

Designed to reach the full spectrum of Allegheny's customers, the energy-efficiency programs target major energy-consuming systems such as heating, air conditioning, major appliances, lighting, motors and production processes.

Based on participation in the proposed programs, customers could realize significant savings on their electric bills. Costs for these programs would be recovered through surcharges tailored to each retail customer rate schedule. For residential customers, the cost of these programs and the AUI pilot project are estimated to be about \$1.30 per month.

The AUI pilot project would demonstrate and evaluate emerging technologies to support energy conservation and demand response. The pilot project targets more than 1,000 residential and commercial customers in the Urbana, Md., area, and is considered to be among the nation's first applications of AUI technology in an organized wholesale electricity market.

When fully operational, the system is expected to incorporate pricing signals from PJM Interconnection, the regional grid operator, and allow customers to respond to changes in wholesale energy prices and actively manage their electric usage and costs.

This technology, if expanded to large-scale application, has the potential to allow customers to control monthly electric costs, lessen the strain on Maryland's electrical infrastructure, and benefit the environment by reducing electricity consumption.

Utilities from Maryland and across the nation will have access to information compiled from the pilot, allowing for the design of unique programs based on consumption patterns and demographics of varied customer bases.

Allegheny has teamed with Augusta Systems, Inc. of Morgantown, W.Va., for the design and deployment of the pilot.

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 1.6 million customers in Pennsylvania, West Virginia, Maryland and Virginia. For more information, visit the company's 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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