



NEWS RELEASE

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FOR IMMEDIATE RELEASE

Allegheny Power Receives Approval for Maryland Rate Stabilization Plan

GREENSBURG, Pa., March 30, 2007 – Allegheny Power, the electric delivery subsidiary of Allegheny Energy, Inc. (NYSE: AYE), today announced that the Maryland Public Service Commission has approved its rate stabilization and transition plan for residential customers.

Allegheny's plan will use a series of rate changes to gradually transition residential customers from capped generation rates to rates based on purchasing power at market prices. Beginning in June residential customers will pay a distribution surcharge of 15 percent that will result in rates increasing by about \$11 per month for a typical residential customer using 1,000 kilowatt-hours of electricity. On January 1, 2008, the surcharge will increase rates an additional 15 percent with the money collected going to a dedicated, interest-earning fund. With the expiration of the residential generation rate caps and the move to market-based generation pricing on January 1, 2009, the surcharge will convert to a credit on customers' bills. Funds collected through the surcharge during 2007 and 2008, plus interest, will be returned to customers as a credit on their electric bills, thereby reducing the effect of purchasing electricity at market prices. The credit will continue, with adjustments, to maintain rate stability until December 31, 2010, or until all money collected, plus interest, has been returned to customers.

Other key components of the transition plan include:

- Residential customers will have two billing periods (about 50 days) to choose not to participate (opt-out) in the transition plan. Customers electing to opt-out will not see the 15 percent increases in 2007 and 2008, but will experience the full effect of the generation rate cap expiration – with no offsetting credits – beginning in 2009.
- Refunds will be available to customers who move outside of Allegheny's service territory or to the estate of deceased customers.
- Allegheny will increase its contribution to the Community Energy Fund by 15 percent annually for four years.

“The plan which the commission has approved is the direct result of input provided by our customers,” said David E. Flitman, President of Allegheny Power. “We worked with the commission's staff, the Department of Human Resources Office of Home Energy Programs, the Office of People's Counsel and low-income advocates to ensure that customers are best able to manage their bills when rate caps expire.”

“The plan provides assistance for those who need it the most – our fixed-income and low-income customers,” continued Flitman. “We believe the PSC’s decision has resulted in the best possible outcome for customers.”

Beginning in April, all Maryland residential customers will receive a bill insert that provides a detailed description of the plan, as well as information on how to opt-out.

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. Through its two major businesses, Allegheny Energy Supply Company, LLC and Allegheny Power, 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 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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