



MEDIA RELEASE

Contacts:

Ann M. Lewis
Dir. of Public Relations
Rappahannock Electric Co-op
540-891-5921
alewis@myrec.coop
www.myrec.coop

J. Michael Aulgur
Man. of External Affairs
Shenandoah Valley Electric Co-op
(540) 574-7250
maulgur@svec.coop
www.svec.coop

Mark Nitowski
Man. Corporate Communications
Phone: (724) 838-6718
Media Hotline: 1-888-233-3583
mnitows@alleghenyenergy.com
www.alleghenyenergy.com

KEY PARTIES REACH AGREEMENT ON SALE OF POTOMAC EDISON'S VIRGINIA ASSETS

*--Co-ops, Allegheny, Attorney General and Frederick County all on board with deal--
--Revised agreement awaits SCC review and approval--*

Fredericksburg and Mount Crawford, Virginia; Greensburg, Pennsylvania, April 28, 2010 – Executives from Rappahannock Electric Cooperative (REC), Shenandoah Valley Electric Cooperative (SVEC), and Allegheny Energy, Inc. (AE) announced that they had reached a stipulation agreement concerning the acquisition of Allegheny Energy's Potomac Edison (PE) electric distribution assets in Virginia. The Office of the Attorney General of Virginia and the County of Frederick also joined in the stipulation agreement.

“This is a strong agreement for the Potomac Edison ratepayers that will be joining our cooperative as well as our current members,” said Kent D. Farmer, President and CEO of Rappahannock Electric Cooperative. “Our new members in the former Potomac Edison territory will be assured of excellent service with strong rate protections and our existing members will benefit from improved economies of scale, and the addition of well-trained, experienced, and highly qualified employees.”

“This agreement is the product of many hours of negotiations and hard work,” Myron Rummel, President and CEO of Shenandoah Valley Electric Cooperative, said. “With State Corporation Commission approval, it will allow the acquisition to proceed while providing additional protections against significant rate increases for Potomac Edison's consumers, in addition to limiting the rate increases that SVEC's existing consumers would otherwise have experienced. It is truly a win-win for all parties involved.”

“This agreement will protect consumers from potential large rate increases for years to come and helps to ensure that their transition to the cooperatives will be smooth,” said Rodney L. Dickens, President, Allegheny Power.

Under the stipulation agreement:

- Potomac Edison will contribute \$27.5 million between July 1, 2011 and July 1, 2014 to reduce the impact of any rate increases through June 30, 2015 for former Potomac Edison ratepayers transitioning to service provided by the cooperatives.
- Potomac Edison will contribute an additional \$35 million that will be applied to decrease the purchase price, which will reduce base rates for all consumers of the cooperatives.

(more)

KEY PARTIES REACH AGREEMENT ON SALE OF POTOMAC EDISON'S VIRGINIA ASSETS

April 28, 2010

- The cooperatives agree that Potomac Edison consumers will see no base rate increases before July 1, 2014, extending a rate agreement that previously only existed through 2011. The cooperatives further agree, for 2014, 2015 and 2016, to cap distribution rate increases so that total member bills in those years will not increase by more than 5% as a result of distribution rate increases.
- The bylaws of both cooperatives will be revised to ensure that there is representation for transitioning ratepayers on the board of directors of their respective cooperative.

As previously announced, in May 2009, Allegheny agreed to sell its Virginia distribution assets to Rappahannock Electric Cooperative and Shenandoah Valley Electric Cooperative for cash proceeds of approximately \$340 million, subject to adjustment for changes in assets and liabilities through the closing date. The Virginia Commission held hearings on the company's request for approval of the transaction in March of this year.

The stipulation agreement announced today is subject to State Corporation Commission (SCC) approval. The proposed sale has received all other necessary approvals and third party consents.

About Shenandoah Valley and Rappahannock Electric Cooperatives

Both Shenandoah Valley and Rappahannock are member-owned, not-for-profit utilities. A board of directors elected by its respective consumers governs each Cooperative, thereby giving member/owners a voice in the leadership of the cooperatives. All profits are allocated back to the member/owners based on patronage.

Shenandoah Valley Electric Cooperative maintains over 5,239 miles of electric lines and serves more than 39,000 consumers in the Virginia counties of Augusta, Rockingham and Shenandoah, and Hardy County in West Virginia. For additional information about SVEC please visit our new webpage at www.svec.coop.

Rappahannock Electric Cooperative provides electric service to 103,000 connections in parts of 16 Virginia counties. With its general office in Fredericksburg, VA, Rappahannock maintains more than 12,500 miles of power lines through its service area, ranging from the Blue Ridge Mountains to the mouth of the Rappahannock River. For information about REC please visit our webpage at www.myrec.coop.

About 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 approximately 1.6 million consumers in Pennsylvania, West Virginia, Maryland and Virginia. For more information, visit our Web site at www.alleghenyenergy.com.

Through its Potomac Edison subsidiary, Allegheny serves approximately 102,000 consumers in northern Virginia. The sale will enable the company to focus on its core states of Pennsylvania, West Virginia and Maryland, as well as its generation fleet.

Forward-Looking Statements

In addition to historical information, this release may contain 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,

(more)

KEY PARTIES REACH AGREEMENT ON SALE OF POTOMAC EDISON'S VIRGINIA ASSETS

April 28, 2010

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; and regulatory matters. 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 and actions of rating agencies; 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; inflationary and interest rate trends changes in market rules, including changes to PJM participant rules and tariffs; the effect of accounting pronouncements issued periodically by accounting standard-setting bodies and accounting issues facing our organization; 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.

###