

ALLEGHENY ENERGY, INC.
PROCEDURES FOR COMMUNICATIONS TO THE BOARD OF DIRECTORS,
AUDIT COMMITTEE AND NON-MANAGEMENT DIRECTORS

Set forth below are procedures adopted by Allegheny Energy, Inc. (the "Company") for the Company's stockholders, employees and other interested parties to communicate concerns regarding (i) accounting, internal accounting controls or auditing matters to the Company's Board of Directors (the "Board") or the Audit Committee and (ii) other matters to the Board, the non-management directors or the Audit Committee.

1. Communications Regarding Accounting, Internal Accounting Controls or Auditing Matters

Communications regarding accounting, internal accounting controls or auditing matters may be provided to the Company's General Counsel, at 800 Cabin Hill Drive, Greensburg, Pennsylvania 15601-1689 (Fax No.: (724) 853-4260, E-mail: communications@alleghenyenergy.com), or by anonymously contacting the Company's Call2Line, a third-party ethics and compliance line, at 1-877-922-2552. All communications received at the Call2Line regarding accounting, internal accounting controls or auditing matters will be forwarded to the Company's General Counsel and the Corporate Compliance Officer.

Communications regarding accounting, internal accounting controls or auditing matters also may be provided directly to the Audit Committee by mail to: Allegheny Energy, Inc. Audit Committee, c/o General Counsel, 800 Cabin Hill Drive, Greensburg, Pennsylvania 15601. All mail sent to the Audit Committee at this address will promptly be forwarded, unopened, to the Audit Committee Chair.

2. Communications Regarding Other Matters

All communications concerning other matters may be made to the Company's General Counsel, as noted above or by anonymously contacting the Company's Call2Line at 1-877-922-2552. All communications received at the Call2Line regarding other matters and directed to the attention of the Board, the non-management directors or the Audit Committee will be forwarded to the Company's General Counsel and the Corporate Compliance Officer.

3. Confidentiality

All communications received will be kept confidential, and employees may communicate concerns regarding questionable accounting, internal accounting controls, auditing matters or other matters to the General Counsel or the Corporate Compliance Officer on an anonymous basis.

4. Distribution of Communications

The General Counsel, Corporate Compliance Officer or designee will distribute to the Audit Committee prior to the next scheduled meeting of the Audit Committee any communications regarding accounting, internal accounting controls or auditing matters or communications directed to the Audit Committee. The General Counsel, Corporate Compliance Officer or designee will distribute communications directed to the attention of the Board to all members of the Board prior to the next scheduled meeting of the Board. The General Counsel, Corporate Compliance Officer or designee will distribute communications directed to the non-management directors to the non-management directors prior to the next scheduled executive session of the non-management directors.

If it is unclear whether a communication involves accounting, internal accounting controls or auditing matters but the communication has the potential to involve such matters, the General Counsel, Corporate Compliance Officer or designee will direct such communications to the Audit Committee. If the communication involves both (i) accounting, internal accounting controls or auditing matters and (ii) other

matters directed to the attention of the Board or the other non-management directors, then the General Counsel, Corporate Compliance Officer or designee will direct such communication to both the Audit Committee and the Board or the other non-management directors, as the case may be, with a note to that effect.

The Company generally will not forward to the Board, the Audit Committee or the non-management directors any communication that the General Counsel or Corporate Compliance Officer determines relates to an improper or irrelevant topic or that requests general information about the Company.

5. Summary, Record of Communications Received

Communications concerning (i) accounting, internal accounting controls, or auditing matters or (ii) ethical violations or other misconduct by senior executives or board members will be forwarded to the Board, the Audit Committee or the non-management directors verbatim. With respect to all other communications received pursuant to Section 2 above, depending on their content, length and volume, the General Counsel, Corporate Compliance Officer or designee may provide copies of such communications or only a summary of such communications to the Audit Committee, unless such communications are specifically directed to the attention of the Board or the non-management directors, in which case they shall be delivered (either in original or in summary form) to the Board or the non-management directors, as the case may be. The original copies or records of all communications will be available to any Audit Committee member or director, as the case may be, upon request.

6. Action on Communications

The Board of Directors, the Audit Committee members or the non-management directors, as the case may be, will determine whether any action or response is necessary or appropriate in respect of a communication provided to them for their consideration. If so, they will take or direct such action as they deem appropriate. Such action may include engaging outside advisers, for which funding will be available. The General Counsel, Corporate Compliance Officer or any other person designated by the Board, the Audit Committee or the non-management directors will report, as needed, regarding the status of any action directed by the Board, the Audit Committee or the non-management directors in response to any such communication.

The General Counsel, Corporate Compliance Officer or designee will maintain a file containing each communication received to be forwarded to the Audit Committee, the non-management directors or the entire Board. The file will sufficiently document the date such communication was distributed to the Audit Committee, non-management directors or the entire Board (and to which of these it was distributed) and whether it was distributed in summary or original form. Any determination of the Board, the Audit Committee or the non-management directors, as the case may be, in respect of each communication and any further action requested by the Board, the Audit Committee or the non-management directors will be recorded in an appropriate form.

7. Retention of Records

All communications received by the General Counsel will be placed in confidential files and will be retained for seven years. These files will be under the direct control of the Audit Committee.