

**Corporate History
of
Allegheny Energy, Inc., West Penn Power Company and
Trans-Allegheny Interstate Line Company**

Allegheny Energy, Inc. (Allegheny) was incorporated in Maryland in 1925. Allegheny is an integrated energy business that owns and operates electric generation facilities and delivers electric services to customers in Pennsylvania, West Virginia, Maryland and Virginia. Allegheny operates its business primarily through its various directly and indirectly owned subsidiaries and it employs approximately 4,400 people.

Through its subsidiaries, Allegheny Energy Supply Company, LLC (AE Supply) and Monongahela Power Company (Mon Power), Allegheny controls both regulated and unregulated generation facilities totaling 9,756 megawatts of generating capacity in Maryland, Pennsylvania and West Virginia and also purchases and sells energy and energy-related commodities.

Allegheny's electric transmission and distribution (T&D) business is provided through its direct subsidiaries – West Penn Power Company (West Penn), Mon Power and The Potomac Edison Company (Potomac Edison), all doing business as “Allegheny Power.” The T&D business serves approximately 1.6 million customers in a service area of about 30,900 square miles in Pennsylvania, West Virginia, Maryland and Virginia. Allegheny's transmission network has 48 interconnections with neighboring utility systems and owns 79,342 miles of transmission and distribution lines and 945 substations. In addition, Allegheny, through its indirect subsidiary, Trans-Allegheny Interstate Line Company (TrAILCo) is constructing the Trans-Allegheny Interstate Line (TrAIL), a new 500 kV transmission line that will extend from southwestern Pennsylvania through West Virginia to a point of interconnection with Virginia Electric and Power Company in northern Virginia. Allegheny, through other indirect subsidiaries, has proposed to construct a new 765 kV transmission line in West Virginia, Virginia and Maryland in cooperation with American Electric Power Company.

Allegheny traces its history to American Water Works & Electric Company (American Water Works), which in the first decades of the 20th century began to acquire control of both water facilities and power plants in the northeastern part of the United States. Among the companies that it controlled were 53 Pennsylvania light and power companies that, in 1916, combined to form West Penn. Another of American Water Works' major investments was Washington County Light & Power Company (Washington L & P), which was based in Marietta, Ohio, but served customers primarily in neighboring West Virginia. Farther to the east, a number of electric companies doing business primarily in western Maryland combined in 1923 to form Potomac Edison. In 1925, American Water Works transferred ownership of West Penn, Washington L & P, and Potomac Edison, to a newly formed holding company, West Penn Electric Company (West Penn Electric), which was a Maryland corporation.

American Water Works spun off West Penn Electric in 1948. In 1960, West Penn Electric adopted the name Allegheny Power System, Inc. (Allegheny Power Systems). Its three principal subsidiaries remained West Penn, Potomac Edison, and Mon Power, the latter formerly Washington L & P.

In 1997, Allegheny Power Systems changed its name to “Allegheny Energy, Inc.” Beginning in 1999, in response to federal and state deregulation initiatives, West Penn and Potomac Edison transferred their respective generating assets to the newly formed AE Supply. West Virginia did not deregulate its electric utility industry, and consequently, Mon Power retained its West Virginia jurisdictional generating assets.

West Penn was incorporated in Pennsylvania in 1916 through the consolidation of 53 light and power companies in Pennsylvania, many of which were then owned by the West Penn Railways Company and West Penn Traction Company, including among others Inter Borough Electric Company, Kittanning Electric Light Company, West Penn Lighting Company, The West Penn Electric Company, West Penn Light and Power Company, Westmoreland Electric Company, Irwin Electric Light and Power Company, Jeannette Electric Light Company, The Manor Electric Company, Yough Hydro Electric Company, and Butler Light, Heat & Motor Company.

West Penn operates an electric T&D system in southwestern, south-central and northern Pennsylvania. West Penn, serving approximately 715,880 customers (619,384 residential, 82,534 commercial light, 13,404 industrial, and 558 street lighting) in a service area of about 10,400 square miles across Adams, Allegheny, Armstrong, Bedford, Butler, Cameron, Centre, Clarion, Clinton, Elk, Fayette, Franklin, Fulton, Greene, Huntingdon, Indiana, Jefferson, Lycoming, McKean, Potter, Somerset Washington and Westmoreland counties.

TrAILCo was incorporated in Maryland and Virginia in 2006. In June 2006, PJM Interconnection, L.L.C. (PJM) designated Allegheny Power to construct TrAIL. TrAILCo was formed by Allegheny to build, own and operate TrAIL and other transmission projects in the PJM region.