

SECURITIES AND EXCHANGE COMMISSION

FORM 4

Statement of changes in beneficial ownership of securities

Filing Date: **2011-03-01** | Period of Report: **2011-02-25**

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REPORTING OWNER

RICE STEVEN H

CIK: **1176442**

Type: **4** | Act: **34** | File No.: **001-00267** | Film No.: **11653281**

Mailing Address

*10435 DOWNSVILLE PIKE
HAGERSTOWN MD 21740*

ISSUER

ALLEGHENY ENERGY, INC

CIK: **3673** | IRS No.: **135531602** | State of Incorpor.: **MD** | Fiscal Year End: **1231**

SIC: **4911** Electric services

Mailing Address

*800 CABIN HILL DRIVE
GREENSBURG PA 15601*

Business Address

*800 CABIN HILL DRIVE
GREENSBURG PA 15601
7248373000*

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person RICE STEVEN H			2. Issuer Name and Ticker or Trading Symbol ALLEGHENY ENERGY, INC [AYE]			5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director <input type="checkbox"/> 10% Owner <input type="checkbox"/> Officer (give title below) <input type="checkbox"/> Other (specify below)		
(Last)	(First)	(Middle)	3. Date of Earliest Transaction (Month/Day/Year) 02/25/2011					
C/O ALLEGHENY ENERGY, INC., 800 CABIN HILL DRIVE			4. If Amendment, Date Original Filed(Month/Day/Year)			6. Individual or Joint/Group Filing (Check applicable line) <input checked="" type="checkbox"/> Form Filed by One Reporting Person <input type="checkbox"/> Form Filed by More than One Reporting Person		
(Street) GREENSBURG, PA 15601								
(City)	(State)	(Zip)						

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock, par value \$1.25 per share	02/25/2011		D		17,683.96	D	(1)	0	D	

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date						Title
Phantom Stock (2)	(3)	02/25/2011		A		2,603.509		(3)	(3)	Common Stock	2,603.509	(3)	0	D	

Explanation of Responses:

- Disposed of pursuant to the merger (the "Merger") of Allegheny Energy, Inc. ("Allegheny") with a subsidiary of FirstEnergy Corp. ("FirstEnergy") in exchange for 11,795 shares of the common stock, par value \$0.10 per share, of FirstEnergy ("First Energy Common Stock") having a market value, based on the closing price of a share of FirstEnergy Common Stock on the New York Stock Exchange on the effective date of the Merger (the "Merger Effective Date"), of \$37.75 per share.
- Under Allegheny's Revised Plan for Deferral of Compensation of Directors, non-employee members of Allegheny's Board of Directors could elect to defer receipt of all or a part of the cash portion of the director fees to which they became entitled in connection with their service on the Board and could opt to invest all or a portion of any such deferred amounts into a phantom stock fund maintained by Allegheny. Mr. Rice opted to defer certain of such cash compensation payable to him and to invest such deferred amounts in Allegheny's phantom stock fund.

3. Each unit of phantom stock represented the economic equivalent of one share of Allegheny's common stock, par value \$1.25 per share ("Allegheny Common Stock") and became payable in cash upon the termination of Mr. Rice's service on the Board on the Merger Effective Date in an amount based on the average of the high and low prices of a share of Allegheny Common Stock on the NYSE on the Merger Effective Date of \$25.145 per share.

Signatures

/s/ Amanda J. Skov, Attorney-in-Fact

** Signature of Reporting Person

03/01/2011

Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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