

May 10, 2010

Mr. James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

RECEIVED
2010 MAY 12 AM 9:41
PA P.U.C.
SECRETARY'S BUREAU

Re: Application Of Duquesne Light Company Under 15 Pa. C.S. § 1511(C) For A Finding And Determination That The Service To Be Furnished By The Applicant Through Its Proposed Exercise Of The Power Of Eminent Domain To Acquire A Right-Of-Way And Easement For The Operation And Maintenance Of The Transmission System Over And Across The Lands Of Pittsburgh Development Group II, L.P. In The Borough Of Baldwin And The 31st Ward Of The City Of Pittsburgh, Allegheny County, Is Necessary Or Proper For The Service, Accommodation, Convenience Or Safety Of The Public
Docket No A-2009-2088367

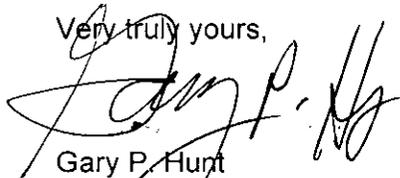
Dear Secretary McNulty:

This letter will confirm that the Settlement Agreement in the above matter has been fully executed and implemented by the parties. Enclosed is a copy of the Agreement.

As a result of the Settlement Agreement, Duquesne Light Company hereby withdraws its Application.

If you require anything further from us, please do not hesitate to contact me.

Very truly yours,



Gary P. Hunt

GPH:ca
Enclosure

c: Thomas W. King, III, Esquire (w/enc.)
Donald P. Graham, Esquire (w/enc.)
John H. Corbett, Jr., Administrative Law Judge (w/enc.)
Katrina L. Dunderdale, Administrative Law Judge (w/enc.)

LIT:480322-1 014657-014896

Settlement Agreement and General Release

THIS AGREEMENT, entered into on this 9th day of March, 2010, by and between Pittsburgh Development Group II, L.P. ("PDG II") and PDG Land Development, Inc. ("PDG Land") (hereinafter PDG II and PDG Land will be referred to collectively as "PDG Group"); and Duquesne Light Company ("Duquesne").

WHEREAS, PDG II is the owner of certain land situate in the City of Pittsburgh and Baldwin Borough, Allegheny County, Pennsylvania, which it acquired from DGD Realty Associates, L.P. by a deed dated June 12, 2003 and recorded in the Allegheny County Recorder of Deeds as Instrument No. 2003-24347 ("Property"); and

WHEREAS, PDG II commenced a lawsuit against Duquesne in the Court of Common Pleas of Allegheny County at GD-09-1092, claiming, inter alia, that Duquesne, by virtue of the location of certain of its transmission and distribution systems, was trespassing on the Property and further claiming that Duquesne was in breach of a certain contract and seeking damages therefore ("Lawsuit"); and

WHEREAS, Duquesne denies that it has engaged in any trespass or breached any contract, or engaged in any other wrongful conduct relative to PDG II or PDG Land, and has vigorously defended the Lawsuit; and

WHEREAS, Duquesne filed an Application Under 15 PA.C.S.A. §1511(C) with the PUC seeking approval to exercise the power of eminent domain to acquire an easement for its transmission and distribution facilities over the Property ("PUC Proceedings"); and

WHEREAS, the PDG Group denies that Duquesne has the right to acquire an easement over the Property through the exercise of the power of eminent domain; and

WHEREAS, Duquesne and the PDG Group have agreed to settle all claims and disputes between them, on the terms set forth herein.

NOW THEREFORE, the parties hereto, intending to be legally bound hereby, agree as follows:

1. **Grant of Easement:** PDG II will convey to Duquesne an easement over the Property for and in consideration of the sum of FOUR MILLION FIVE HUNDRED TWENTY-FIVE THOUSAND AND 00/100 (\$4,525,000) ("Easement"). The Easement will be conveyed under and through a Right of Way Agreement in the form attached hereto and made a part hereof as Appendix A. Payment of the sum set forth herein will be made on or before the 30th day following the later of the date of execution of the Right of Way Agreement described herein in Paragraph 2 hereof, or the date of dismissal of the Lawsuit as described in Paragraph 3 hereof.

2. **Consent of PDG Land:** PDG Land will execute the Right of Way Agreement solely for the purpose of consenting thereto.

3. **Dismissal of Lawsuit:** PDG II will cause the Lawsuit to be dismissed at its own cost, and will cause the docket to be marked "Settled and Discontinued" and will provide to Duquesne written evidence that the Lawsuit has been dismissed and the docket marked as set forth above.

4. **Withdrawal of PUC Application:** Duquesne will withdraw the Application that was filed in the PUC Proceedings within 30 days of the later of the date of execution of the Right of Way Agreement described herein in Paragraph 2 hereof, or the date of dismissal of the Lawsuit as described in Paragraph 3 hereof.

5. **PDG II Release:** PDG II, for itself and on behalf of any and all of its past and present employees, officers, directors, members, general and limited partners, professionals, agents, insurers, attorneys, investors, predecessors, successors, parents (domestic or foreign), subsidiaries (domestic or foreign), divisions, shareholders, transferees, lessees, assigns and affiliates (domestic or foreign)(the "PDG II Group"), hereby releases and discharges Duquesne, any and all of its past and present

employees, officers, directors, members, general and limited partners, professionals, agents, insurers, attorneys, investors, predecessors, successors, parents (domestic or foreign), subsidiaries (domestic or foreign), divisions, shareholders, transferees, lessees, assigns and affiliates (domestic or foreign)(the "Duquesne Group") of and from all actions, causes of action, suits, debts, dues, sums of money, accounts, agreements, promises, damages, judgments, executions, claims liabilities and demands whatsoever, at law, in equity or otherwise against the Duquesne group (or any other person included within the definition of the Duquesne Group), the PDG II Group ever had, now have or hereafter can, shall or may have, whether known or unknown, suspected or unsuspected, and whether or not concealed or hidden, for, upon, or by reason of any claim, from the beginning of time to the date its execution of this Agreement that were or that could have been asserted in the Lawsuit, and including any claims arising out of the presence of the Duquesne System on the Property. This release includes, but is not limited to, rights or claims arising under any federal, state or local statutes, ordinances or regulations as well as any common law rights of action.

6. **Duquesne Release:** Duquesne, for itself and on behalf of any and all of its past and present employees, officers, directors, members, general and limited partners, professionals, agents, insurers, attorneys, investors, predecessors, successors, parents (domestic or foreign), subsidiaries (domestic or foreign), divisions, shareholders, transferees, lessees, assigns and affiliates (domestic or foreign)(the "Duquesne Group"), hereby releases and discharges PDG II, any and all of its past and present employees, officers, directors, members, general and limited partners, professionals, agents, insurers, attorneys, investors, predecessors, successors, parents (domestic or foreign), subsidiaries (domestic or foreign), divisions, shareholders, transferees, lessees, assigns and affiliates (domestic or foreign)(the "PDG II Group") of and from all actions, causes of action, suits, debts, dues, sums of money, accounts,

agreements, promises, damages, judgments, executions, claims liabilities and demands whatsoever, at law, in equity or otherwise against the PDG II Group (or any other person included within the definition of the PDG II Group), the Duquesne Group ever had, now have or hereafter can, shall or may have, whether known or unknown, suspected or unsuspected, and whether or not concealed or hidden, for, upon, or by reason of any claim, from the beginning of time to the date its execution of this Agreement that were or that could have been asserted in the Lawsuit, and including any claims arising out of the presence of the Duquesne System on the Property. This release includes, but is not limited to, rights or claims arising under any federal, state or local statutes, ordinances or regulations as well as any common law rights of action.

7. **No Other Actions; No Assignment:** Each party represents and warrants that it has not brought any action or proceeding against the other party relating in any way to the Litigation and/or Agreement, and has not assigned or transferred or purported to assign or transfer any claim herein sought to be released.

8. **Party Authorization:** Each party represents and warrants to the other Party that it has taken all action on its part necessary for the authorization, execution and delivery of this Agreement and the Easement in the form attached hereto. PDG II represents and warrants to Duquesne that it owns and possesses all right, title and interest in and to, and is the sole owner of, the Property. There are no liens, claims, pledges, charges or encumbrances of any kind that will impair or affect the validity of the Easement.

9. **No Third-Party Beneficiary:** This Agreement shall not create or expand any rights of any persons or entities which are neither Parties hereto nor entitled to the benefits of the release in Section 2 hereof, and no person or entity which is not a party to this Agreement or entitled to the benefits of this release in Section 2 hereof shall acquire

any rights hereunder nor have any right to enforce any provisions of this Agreement whether as a third-party beneficiary or otherwise.

10. **No Admission:** This Agreement does not constitute an admission of liability or fault by any Party regarding any fact, claim, allegation, issue of law or violation of law; nor will compliance with the Agreement constitute or be deemed an admission by any Party of any fact, claim, allegation, issue of law or violation of law. This Agreement may not be used as evidence of any wrongdoing, misconduct or liability by any Party or anyone else. The Parties agree that neither the fact of execution nor any of the terms of this Agreement shall be admissible in any pending or future proceeding involving the Parties, or any of them, except in a proceeding among the Parties to enforce the terms of this agreement.

11. **Binding Agreement:** This Agreement is binding upon the Parties and on their respective legal representatives, successors and assigns, and inures to the benefit of the Parties benefited hereby and their respective legal successors, representatives and assigns. Notwithstanding the foregoing, neither party hereto may assign its rights or obligations under this Agreement without the prior written consent of the other party.

12. **Entire Agreement; Amendment:** This Agreement contains the entire agreement and understanding of the Parties concerning the matters set forth herein. No other representations, covenants, undertakings or other prior or contemporaneous agreements, oral or written, respecting such matters, which are not specifically incorporated or referred to herein, shall be deemed to exist or bind any of the Parties hereto. Each party acknowledges that it has not executed this Agreement in reliance on any such other promise, representation or warranty.

13. **Governing Law; Jurisdiction:** Interpretation and enforcement of this Agreement shall be governed by the substantive and procedural laws which exist in the Commonwealth of Pennsylvania as of the Effective Date of this Agreement.

14. **Counterparts; Facsimile Signatures:** This Agreement may be executed in any number of counterparts, and each executed counterpart shall have the same force and effect as the original instrument and as if all the Parties to the counterparts had signed the same instrument. Further, the signature pages of this Agreement may be transmitted by facsimile or electronically, and signatures transmitted by facsimile or electronically shall have the same force and effect as original signatures.

15. **No Party To Be Considered Draftsman:** This Agreement shall be considered the result of drafting and composition by all parties, and no party shall be considered to be its draftsman.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals, intending to be legally bound hereby.

Pittsburgh Development Group II, L.P.



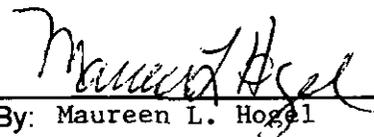
By:

Pittsburgh Land Development, Inc.



By:

Duquesne Light Company



By: Maureen L. Hoge

472814-2 014657-014896

RECEIVED
2010 MAY 12 AM 9:41
PA P.U.C.
SECRETARY'S BUREAU