

**PROJECT AGREEMENT
GRADE CROSSING PROTECTIVE FUND**

Docket No.: TR-080478
Commission Approval Date: April 8, 2008

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WASH. UT. & TP. COMM

A. PARTIES OF THE AGREEMENT

This project grant agreement (agreement) is entered into between the Washington Utilities and Transportation Commission (UTC), P.O. Box 47250, Olympia, Washington 98504-7250 and Palouse River and Coulee City Railroad, 420 Hansen Street South, Twin Falls, Idaho, 83301, and shall be binding upon the agents and all persons acting by or through the parties.

B. PURPOSE OF THE AGREEMENT

This agreement sets out the terms and conditions by which grants are made from the Grade Crossing Protective Fund. These grants are administered by the UTC to the grantee for Docket No. TR-080478, identified above.

C. DESCRIPTION OF PROJECT

TR-080478 involves upgrading the train detection circuitry and installing lights and gates at the crossing identified as USDOT 809294C. The crossing is located at South Park Avenue and Palouse River and Coulee City Railroad's tracks in the city of St. John in Whitman County, Washington.

D. PERIOD OF PERFORMANCE

The project reimbursement period shall begin on April 8, 2008, and end June 30, 2008. No expenditure made before or after this period is eligible for reimbursement unless incorporated by written amendment into this agreement. Due to imminent safety hazards identified at this crossing by the Federal Railroad Administration, installation of the train detection circuitry and lights and gates has been started prior to April 8, 2008. All upgrades will be completed and operational prior to June 30, 2008.

E. PROJECT FUNDING

Total grant funding awarded by the UTC for these projects shall not exceed \$20,000. The total approximate cost of the project is \$44,203.17. The grantee shall be responsible for all costs over the \$20,000.

F. RIGHTS AND OBLIGATIONS

All rights and obligations of the parties to this agreement are subject to this agreement and its attachments, including the grantee's application, commission orders, and the general provisions, all of which are attached and incorporated into this agreement.

Except as provided, no alteration of any of the terms or conditions of this agreement will be effective unless provided in writing. All alterations must be signed by both parties.

The grantee has read, fully understands and agrees to be bound by all terms and conditions in these documents.

G. COMPLIANCE WITH APPLICABLE STATUTES, RULES, AND UTC POLICIES

This agreement is governed by, and the grantee shall comply with, all applicable state and federal laws and regulations, including RCW 81.53.281, the published agency rules in 480-62 WAC, and the commission's order in this matter which are incorporated by this reference as if fully set forth.

H. PROJECT GRANT AGREEMENT REPRESENTATIVE

All written communications sent to the grantee under this agreement will be addressed and delivered to:

Palouse River and Coulee City Railroad
Scott Adams
420 Hansen St. S.
Twin Falls, ID 83301

Utilities and Transportation Commission
Kathy Hunter
1300 S. Evergreen Park Dr. SW
P.O. Box 47250
Olympia, WA 98504-7250

These addresses shall be effective until receipt by one party from the other of a written notice of any change.

I. ENTIRE AGREEMENT

This agreement, along with all attachments, constitutes the entire agreement of the parties. No other understandings, oral or otherwise, regarding this agreement shall exist or bind any of the parties.

J. EFFECTIVE DATE

This agreement shall be effective upon signing by all parties.

State of Washington
Utilities and Transportation Commission

By: *David W. Cannon*
(Executive Secretary)

Date: *April 8, 2008*

Palouse River and Coulee City Railroad

By: *[Signature]*

Date: *4/14/2008*

Title: *Chief Engineer of Track*

Approved as to form:

By: /s/
Assistant Attorney General