

**PROJECT AGREEMENT
GRADE CROSSING PROTECTIVE FUND**

Docket #: TR-060297

Commission Approval Date: December 6, 2006

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 Tri-City and Olympia Railroad (grantee), 2579 Stevens Drive, Richland, WA 99352 and shall be binding upon the agents and all persons acting by or through the parties.

B. PURPOSE OF AGREEMENT

This agreement sets out the terms and conditions by which a grant is made from the Grade Crossing Protective Fund. The grant is administered by the UTC to the grantee for Docket No. TR-060297, identified above.

C. DESCRIPTION OF PROJECT

TR-060297 involves a crossing improvement project on SR-240 in Benton County, Washington. The grantee will upgrade the existing the warning signal equipment and install a stick release timer, power off indicator light, back-up battery, and battery charger. The upgrade will include a mix of surplus and purchased circuitry, walk-out cantilevers, and LED light heads.

D. PERIOD OF PERFORMANCE

The project reimbursement period shall begin on December 6, 2006, and end June 30, 2007. No expenditure made before or after this period is eligible for reimbursement unless incorporated by written amendment into this agreement.

E. PROJECT FUNDING

Total grant funding awarded by the UTC for this project shall not exceed \$20,000. The UTC shall not pay any amount beyond that approved for funding of the project. The grantee shall be responsible for all total project costs that exceed this amount.

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 order, 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 WUTC 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, commission's 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:

Tri-City and Olympia Railroad
Robert Cooley
2579 Stevens Drive
Richland, WA 99352

Utilities and Transportation Commission
Kathy Hunter
1300 S. Evergreen Park Dr SW
P.O. Box 47250
Olympia, Washington 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 for Docket No. TR-060297 shall be effective upon signing by all parties.

State of Washington
Utilities and Transportation Commission

By: _____ Date: _____
[Executive Secretary]

Tri-City and Olympia Railroad

By: _____ Date: _____

Title: _____

Approved as to form:

By: _____ /s/
Assistant Attorney General