

**PROJECT AGREEMENT
GRADE CROSSING PROTECTIVE FUND**

Docket No.: TR-091657

Commission Approval Date: October 27, 2009

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GENERAL MANAGEMENT
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STATE OF WASH
UTILITY DIVISION

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 Pend Oreille Valley Railroad, 1981 Black Road, Usk, Washington 99180, 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-091657, identified above.

C. DESCRIPTION OF PROJECT

TR-091657 involves replacing the obsolete incandescent lights with LED type lights, replace system batteries, chargers, and the cross-bucks. The crossing is identified as USDOT 399650K and located at the intersection of State Route 31 and Pend Oreille Valley Railroad's tracks in Pend Oreille county, Washington

D. PERIOD OF PERFORMANCE

The project reimbursement period shall begin on October 27, 2009, and end June 30, 2010. 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 these projects shall not exceed \$20,000. The total approximate cost of the project is \$10,491.55. The grantee shall be responsible for all additional costs.

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:

Pend Oreille Valley Railroad
Kelly Driver
1981 Black Road
Usk, WA 99180

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 articles. 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: [Signature]
(Executive Director and Secretary)

Date: 10/26/09

Pend Oreille Valley Railroad

By: [Signature]
Title: Manager

Date: 11/10/09

Approved as to form:

By: /s/
Assistant Attorney General