

52.241-9 Connection Charge.

As prescribed in 41.501(d)(3), insert a clause substantially the same as the following:

Connection Charge (Feb 1995)

(a) *Charge.* In consideration of the Contractor furnishing and installing at its expense the new connection facilities described herein, the Government *shall* pay the Contractor a connection charge. The payment *shall* be in the form of progress payments, advance payments or as a lump sum, as agreed to by the parties and as permitted by applicable law. The total amount payable *shall* be either the estimated cost of \$_____ less the agreed to salvage value of \$_____, or the actual cost less the salvage value, whichever is less. As a condition precedent to final payment, the Contractor *shall* execute a release of any *claims* against the Government arising under or by the virtue of such installation.

(b) *Ownership, operation, maintenance and repair of new facilities to be provided.* The facilities to be supplied by the Contractor under this clause, notwithstanding the payment by the Government of a connection charge, *shall* be and remain the property of the Contractor and *shall*, at all times during the life of this contract or any renewals thereof, be operated, maintained, and repaired by the Contractor at its expense. All taxes and other charges in connection therewith, together with all liability arising out of the *construction*, operations, maintenance, or repair of such facilities, *shall* be the obligation of the Contractor.

(c) Credits.

(1) The Contractor agrees to allow the Government, on each monthly bill for service furnished under this contract to the service location, a credit of _____ percent of the amount of each such bill as rendered until the accumulation of credits *shall* equal the amount of such connection charge, provided that the Contractor *may* at any time allow a credit up to 100 percent of the amount of each such bill.

(2) In the event the Contractor, before any termination of this contract but after completion of the facilities provided for in this clause, serves any customer other than the Government (regardless of whether the Government is being served simultaneously, intermittently, or not at all) by means of these facilities, the Contractor *shall* promptly notify the Government *in writing*. Unless otherwise agreed by the parties *in writing* at that time, the Contractor *shall* promptly accelerate the credits provided for under paragraph (c)(1) of this clause, up to 100 percent of each monthly bill until there is refunded the amount that reflects the Government's connection costs for that portion of the facilities used in serving others.

(3) In the event the Contractor terminates this contract, or defaults in performance, prior to full credit of any connection charge paid by the Government, the Contractor *shall* pay to the Government an amount equal to the uncredited balance of the connection charge as of the date of the termination or default.

(d) *Termination before completion of facilities.* The Government reserves the right to terminate this contract at any time before completion of the facilities with respect to which the Government is to pay a connection charge. In the event the Government exercises this right, the Contractor *shall* be paid the cost of any work accomplished, including direct and *indirect costs* reasonably allocable to

the completed work prior to the time of termination by the Government, plus the cost of removal, less the salvage value.

(e) *Termination after completion of facilities.* In the event the Government terminates this contract after completion of the facilities with respect to which the Government has paid a connection charge, but before the crediting in full by the Contractor of any connection charge in accordance with the terms of this contract, the Contractor *shall* have the following *options*:

(1) To retain in place for _____ months after the notice of termination by the Government such facilities on condition that-

(i) If, during such _____ month period, the Contractor serves any other customer by means of such facilities, the Contractor, *shall*, in lieu of allowing credits, pay the Government during such period installments in like amount, manner, and extent as the credit provided for under paragraph (c) of this clause before such termination; and

(ii) Immediately after such _____ month period the Contractor *shall* promptly pay in full to the Government the uncredited balance of the connection charge.

(2) To remove such facilities at the Contractor's own expense within _____ months after the effective date of the termination by the Government. If the Contractor elects to remove such facilities, the Government *shall* then have the *option* of purchasing such facilities at the agreed salvage value set forth herein; and provided further, that the Contractor *shall*, at the direction of the Government, leave in place such facilities located on Government property which the Government elects to purchase at the agreed salvage value.

(End of clause)

Alternate I (Feb 1995). If the *Contracting Officer* determines that a nonrefundable charge is to be paid and no credits are due the Government, delete paragraphs (c) and (e), renumber paragraph (d) as (c) and add the following as paragraph (d):

(d) *Termination after completion of facilities.* In the event the Government terminates this contract after completion of the facilities with respect to which the Government is to pay a connection charge, the Contractor *shall* have the following *options*:

(1) To retain in place for _____ months after the notice of termination by the Government. If the Contractor and the Government have not agreed on terms for retention in place beyond _____ months, then the Contractor *must* remove the facilities pursuant to the terms of paragraph (d)(2) of this clause.

(2) To remove such facilities at the Contractor's own expense within _____ months after the effective date of the termination by the Government. If the Contractor elects to remove such facilities, the Government *shall* then have the *option* of purchasing such facilities at the agreed salvage value set forth herein; and provided further, that the Contractor *shall*, at the direction of the Government, leave in place such facilities located on Government property which the Government elects to purchase at the agreed salvage value.

Parent topic: [52.241 Utility Services Provisions and Clauses.](#)