CONNECTION CHARGE AGREEMENT

THIS CONNECTION CHARGE AGREEMENT between ABC Construction (Contractor) and XYZ Utility Contractor (Utility Owner) is entered into as of this ____ day of _____, 20___.

WHEREAS, Contractor and the United States Government (Government) entered into Contract No. _____ for construction of _____ (the Project) located at _____ (the installation), (collectively the "Construction Contract");

WHEREAS, in accordance with the Department of Defense utilities privatization (UP) program, Utility Owner entered into a utility services contract under Contract No. SP0600-_____ (the UP Contract) with the Government to assume ownership, operations and maintenance of the _____ utility systems at the installation, as well as to furnish all necessary labor, management, supervision, permits, equipment, supplies, materials, transportation, and any other incidental services required for the complete ownership, operation, maintenance, repair, upgrade, and improvement of these utility systems in accordance with all terms, conditions, and special contract requirements, specifications, attachments, and drawings contained in the UP Contract or incorporated by reference therein;

NOW, THEREFORE, in consideration of the mutual covenants contained herein as well as other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Parties hereto agree to the following terms and conditions of this Connection Charge Agreement:

1. [Insert Statement of Work for connecting facilities.]
2. [Insert Schedule provisions and penalties for connecting facilities]
3. [Insert Pricing and Payment provisions]
4. [Insert any other special provisions specific to the relationship between the construction contractor and the UP contractor, e.g., disputes, risk allocation, liability, etc.]
5. Any disputes between the Contractor and the Utility Owner shall be resolved by and between the parties to this Agreement and shall not be cognizable under the Disputes provisions of the Construction Contract or the UP Contract.
6. The parties acknowledge that installation of connecting facilities pursuant to a connection charge falls within the utility services provisions of Federal Acquisition Regulation (FAR) Part 41 and thus, is not a construction sub-contract. Therefore, the terms and conditions of the UP Contract shall govern the relationship between the Utility Owner and the Government, including the Utility Owner's responsibility for compliance with applicable statutes and regulations.
7. Notices: All notices shall be delivered or sent to the respective parties at the respective addresses set forth below or to such different addresses as the respective parties may from time to time designate by notice properly given hereunder.

   If to Utility Owner:

   If to Contractor:

IN WITNESS WHEREOF, this Connection Charge Agreement is signed, sealed and delivered as of as of this ____ day of _____, 20_____.

[Utility Owner]

By: _____
Name: _____
Title: _____

[Contractor]

By: _____
Name: _____
Title: _____

-End of Agreement-

The Prime Construction Contractor and the SO need to **SIGN THE CONNECTION CHARGE AGREEMENT BEFORE THE SO COMMENCES WORKING ON THE NEW CONNECTION.** If this agreement is not signed by the parties before the SO commence working on the new connection, the Government may end up owning the new utility infrastructure. Once the Government owns the new utility infrastructure, transfer of ownership can only be performed via BoS, which is the least desirable method of transferring ownership due to the administrative burden it carries. The approval process for executing a BoS transferring ownership of new utility infrastructure is the same process we currently use when we are transferring ownership of an entire utility system.

The Military Facility may enter into a contract directly with the SO to install new utility infrastructure; however, the Program Office and DLA Energy do not recommend such contract actions. As the contracting activity for UP contracts, DLA Energy must be informed of new utility infrastructure that will be connected to the SO's utility system. New infrastructure may trigger a Request for Equitable Adjustment (REA) due to an increase in the SO's utility inventory (assuming that the Government's intent is for the SO to own the new utility infrastructure). If the Military Facility directly enters into a contract with the SO for the installation of new utility infrastructure, DLA Energy may not be informed of such contract. This increases the risk that proper funding will not be secured for the O&M and R&R that may be needed for conveyance of the new utility infrastructure. Furthermore, there is no need for the Military Facility to establish a separate contract with the SO because the installation of new utility infrastructure falls within the scope of the UP contract **(Section C.11.5 - *Connections and Disconnections)***.

The UP contract does not obligate the Government to enter into a contract with the SO for the installation of new utility infrastructure. **However, in no event shall a contractor cap, connect to, or otherwise come in contact with the SO's infrastructure without the SO's express written permission.**