UNITED STATES OF AMERICA

BEFORE THE

FEDERAL ENERGY REGULATORY COMMISSION

American Electric Power Service Corporation	)	Docket No. ER09-____-000
On behalf of:	)	
Appalachian Power Company	)	
Columbus Southern Power Company	)	
Indiana Michigan Power Company	)	
Kentucky Power Company	)	
Kingsport Power Company	)	
Ohio Power Company	)	
Wheeling Power Company	)	
Collectively, the “AEP East Companies”	)	

PREPARED DIRECT TESTIMONY OF

J. CRAIG BAKER

ON BEHALF OF THE AEP EAST COMPANIES

June 5, 2009

I. INTRODUCTION.

Q. PLEASE STATE YOUR NAME.

A. My name is J. Craig Baker and my business address is 1 Riverside Plaza, Columbus, Ohio 43215.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by American Electric Power Service Corporation (AEPSC) AEPSC is a subsidiary of American Electric Power Company, Inc. (AEP). My title is Senior Vice President – Regulatory Services.

Q. WHAT ARE YOUR RESPONSIBILITIES AS SENIOR VICE PRESIDENT – REGULATORY SERVICES?

A. I am responsible for AEP's utilities' interaction with the regulatory bodies in the eleven states in which they provide retail electric service as well as with the Federal Energy Regulatory Commission (Commission or FERC). This responsibility involves day-to-day interaction as well as periodic rate filings to ensure recovery of their cost of service. In addition, I am responsible for developing and advocating public policy positions on emerging or changing issues affecting AEP's utilities.

Q. WHAT IS YOUR EDUCATION AND PROFESSIONAL BACKGROUND?

A. I received a Bachelor's Degree in Business Administration from Walsh College in 1970 and a Masters Degree in Business Administration in Finance from Akron University in 1980. I joined the AEP System in 1968 and through 1979 held various positions in the Computer Applications Division. I transferred to the System Operation Division in 1979 and held positions of Administrative Assistant and Assistant Manager. In 1985, I took the position of Staff Analyst in the Controllers Department and, in 1987; I became Manager-Power Marketing in the System Power Markets Department. In 1991, I became Director, Interconnection Agreements and Marketing. I became Vice President-Power Marketing for AEPSC and Senior Vice President of Energy Marketing for AEP Energy Services, Inc. in November 1996 and August 1997, respectively. On July 1, 1998 I became Vice President of Transmission Policy for AEPSC. In January 2001, I became Senior Vice President – Regulatory Services.

Following my involvement in wholesale market activities I had AEP's major responsibilities relating to AEP's development of and participation in RTO's and have been heavily involved in developing and supporting AEP's policies in the areas of RTO participation, transmission access and pricing and AEP's pooling agreements. I have submitted testimony in several FERC proceedings.

II. PURPOSE OF TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to explain, in concept, the changes AEP proposes to make to the Transmission Agreement by and among Appalachian Power Company (APCO), Columbus Southern Power Company (CSP), Indiana Michigan Power Company (I & M), Kentucky Power Company (KPCO) and Ohio Power Company (OPC) and with AEPSC as Agent, dated April 1, 1984, as amended ("Transmission Agreement"). AEP witness Dennis W. Bethel will describe the proposed changes in more detail and present analyses of the financial effects of the changes.

III. DESCRIPTION OF THE AEP SYSTEM

Q. PLEASE DESCRIBE THE AEP SYSTEM.

A. AEP is a multi-state electric utility holding company system, whose operating companies provide electric service to approximately 5 million customers in parts of eleven states. Prior to 2000, when AEP merged with the former Central and South West (CSW) system, AEP consisted of the five operating companies that are parties to the Transmission Agreement and two smaller companies – Kingsport Power Company ("Kingsport") and Wheeling Power Company ("Wheeling") that own no generating facilities. These seven AEP companies provide electric service to customers in parts of seven states – Indiana, Kentucky, Michigan, Ohio, Tennessee, Virginia, and West Virginia. AEPSC provides management and professional services to these companies and others in the AEP system at cost.

AEP was a registered holding company system under the Public Utility Holding Company Act of 1935 (PUHCA 1935), which, until its repeal in 2005, required such systems to be planned and operated on an integrated basis – that is, as a single system. Integrated planning and operation of the AEP system has been carried out under a series of "pooling" agreements under which the AEP operating companies pool or combine their power supply and delivery facilities to achieve the benefits of an integrated system. The first such agreement was the

Interconnection Agreement entered into in 1951 by the same operating companies (Members) that are parties to the Transmission Agreement, with AEPSC as Agent. The Interconnection Agreement provides for the integrated planning and operation of the Members' power supply facilities, and provides for the allocation among the Members of the generation-related costs and benefits of integrated planning and operation.

CSW was also a registered holding company under PUHCA 1935, and had its own generation and transmission pooling agreements. These agreements, as well as the pre-merger AEP's pooling agreements, have been retained since the merger, and the two formerly separate systems are integrated pursuant to "bridge" agreements called the System Integration Agreement (SIA) and the System Transmission Integration Agreement (STIA). The former CSW is now sometimes referred to as the AEP West Zone and the pre-merger AEP as the East Zone. All parts of the AEP system are now in regional transmission organizations (RTOs) or their equivalent. The East Zone companies are in PJM Interconnection L.L.C. (PJM) and the West Zone companies are either in the Southwest Power Pool or the Electric Reliability Council of Texas.

Because the Transmission Agreement was not affected by the merger and because only the East Zone companies are in PJM, AEP's filing in this case does not affect the West Zone.

IV. HISTORY OF THE TRANSMISSION AGREEMENT

Q. WHAT LED TO THE FILING OF THE AGREEMENT IN 1984?

A. AEP has developed an extensive transmission system which serves as the medium for integrating the power supply resources of the Member companies. The East Zone system stretches from the shores of Lake Michigan, across northern Indiana, and through Ohio to the mountains of Indiana, Kentucky, Virginia, and West Virginia. AEP planned and built an extensive extra-high-voltage ("EHV") transmission network operating at voltages of 345 kV and 765 kV as a means of achieving the advantages of large-scale system integration. The ability to site generation at its most advantageous locations and move power to widely separated load areas via high voltage and EHV transmission has situated AEP for many decades as an efficient low-cost electric energy provider. The integrated operation of the system, enabled by the strong transmission system, allows the lowest cost power at any given time to be dispatched to serve the combined load obligations of the Members.

The Interconnection Agreement provides for a sharing of the cost of the Members' generating facilities, and provides that each Member's transmission facilities shall be made available to the other Members to effect the centralized use of generation necessary for system integration. It does not, however, provide for a sharing of the cost of transmission facilities, which are owned by the Member providing service in the state or service area where such facilities are located. In the early 1980s, the addition of some major 765-kV facilities caused a significant imbalance in transmission investment among the Members. To achieve a more equitable distribution of those investment costs among the Members, AEP filed the Transmission Agreement, providing that the cost of ownership and operation of Members' EHV transmission facilities would be shared on the basis of the Members' relative peak loads. The matter was litigated at FERC, with affected state commissions, other customer representatives and the FERC staff offering their opinions on the proposal. Ultimately, the Commission, in Opinion No. 311, issued in 1988, approved the proposed Agreement with a few changes, the most notable being the inclusion of 138-kV facilities.

Q. PLEASE DESCRIBE THE AGREEMENT AS APPROVED BY THE COMMISSION.

A. Under the Agreement, as approved, each Member's investment in transmission stations containing equipment operated at extra high voltage ("EHV"), and transmission lines operated at voltages of 138 kV and above ("Bulk Transmission") is compared to its Member Load Ratio (MLR) share of the total of all the Members' Bulk Transmission investments. MLR is a demand-related allocation factor used in both the Transmission Agreement and the Interconnection Agreement. Specifically, it is the ratio of a member's non-coincident peak load in the previous 12 months to the sum of the individual Members' non-coincident peak loads for the same period. Those Members whose Bulk Transmission investment is deficit relative to their MLR share of the total Bulk Transmission investment make monthly settlement payments that are distributed by the Agent to those whose investments are surplus relative to their MLR share. The payments are determined by multiplying the surplus Member's surplus investment by a carrying charge rate reflecting the Member's ownership and operation costs, including a Commission approved return on equity of 12.84%. The investment levels are updated yearly, except that additions to a Member's investment of $10 million or greater are recognized when they occur.

Q. WHAT HAVE BEEN THE SURPLUS OR DEFICIT RELATIONSHIPS OVER THE TERM OF THE AGREEMENT?

A. I&M and KPCO have been surplus members and the two Ohio companies – CSP and OPCO -- have been deficit members from the beginning. APCO has been a surplus member since the 2006, after completion of the Wyoming- Jacksons Ferry 765 kV transmission line. Settlements average about $6 million per month, with the Ohio companies making payments to the others.

V. REASONS FOR THE PROPOSED AMENDMENTS.

Q. WHY IS AEP NOW PROPOSING TO CHANGE THE AGREEMENT?

A. The proposed changes are driven by the fundamental changes that have occurred in the electric utility industry and its regulatory framework that have occurred in recent years. Those changes began in 1996 with Order No. 888, which required transmission-owning utilities to offer open-access transmission service on their systems. Integrated public utility holding company systems such as AEP were required to offer open access to their entire systems at a single cost-based price. In addition, transmission-owning utilities that are load-serving entities were required to take service under the non-rate terms and conditions of their own open-access transmission tariffs (OATTs) to serve their own load. The most important change has been the Commission's policy encouraging utilities' participation in RTOs. In accordance with this policy, AEP, in 2004, placed its East Zone transmission facilities under the functional control of PJM. The consequences of having a single system-wide OATT rate and our participation in PJM have led to a reexamination of the method of allocating transmission costs under the Transmission Agreement. Another important change leading to such a reexamination has been legislation in some of the states in AEP's East Zone that has changed the treatment of transmission costs as a part of plans for electric regulation in those states.

Q. HOW HAS PARTICIPATION IN PJM LED TO REEXAMINATION OF THE AGREEMENT?

A. Participation in PJM has brought about a number of significant changes in AEP's uses of its transmission system and in the relationships among AEP and its retail and wholesale customers. Prior to joining PJM, AEP operated its transmission system and provided transmission service to itself and others pursuant to its own OATT. Since joining PJM, AEP's status has changed from being a Transmission Provider under its OATT to being a Transmission Customer under PJM's OATT. As load-serving entities in PJM, the AEP East companies must purchase Network Integration Transmission Service (NITS) from PJM to serve their native loads. Unlike the pre-RTO situation, AEP is explicitly billed by PJM for such service. By this arrangement separating ownership of transmission facilities from functional control and tariff administration, the Commission has not only assured that all users of the transmission facilities receive non-discriminatory open access transmission service, but that they also have broad stakeholder participation rights in the RTO's development and administration. AEP must also purchase from PJM the ancillary services and other services that it needs to serve its native load customers, and as a transmission owner within PJM, AEP receives compensation from PJM for AEP's costs associated with allowing its transmission facilities to be used for regional OATT service. Also, of major importance to this filing is that membership in PJM involves participation in stakeholder-driven regional transmission planning. In connection with that planning, and in recognition that certain "backbone" transmission facilities enable efficient organized markets, the Commission approved in 2007 the "socialization" of the costs of certain new facilities to all load serving entities in PJM.

Q. HOW DO THE ABOVE-DESCRIBED ATTRIBUTES OF PJM MEMBERSHIP SPECIFICALLY AFFECT AEP'S PROPOSAL IN THIS CASE?

A. There are a number of specific aspects of PJM membership that affect this filing. First, as a NITS customer, AEP pays to PJM a load-ratio share of transmission costs. The allocation method used by PJM to determine AEP's load ratio share of costs, while roughly similar in concept to the MLR allocation used in the Transmission Agreement, differs from that method. Second, the AEP East companies, in their capacity as LSEs in PJM, now receive a comprehensive statement from PJM for transmission and related services they provide and an invoice for transmission and related services they receive. AEP's proposal in this case provides for an allocation of all transmission-related items on those PJM statements to the AEP operating companies. Third, the AEP East companies are charged by PJM for their share of the cost of new major transmission projects whose costs are socialized to all PJM LSEs. Those charges presently are on the order of $1 million per month, but in the next few years will increase to more than $10 million per month. The proposed amendments to the Transmission Agreement provide a contractual framework for the allocation of those costs among the companies.

Q. PLEASE EXPLAIN YOUR POINT ABOUT PJM'S DEMAND ALLOCATION FACTOR BEING DIFFERENT FROM THAT CONTAINED IN THE TRANSMISSION AGREEMENT.

A. Under the Commission's pro-forma OATT, NITS customers pay a load ratio share of the costs associated with PJM's transmission system. Currently, PJM employs a zonal rate design for the majority of its costs, which means that the customers located in AEP's zone within PJM pay the costs associated with ownership and operation of AEP's transmission system. Within AEP's zone, however, costs are allocated among customers based on their relative demands on the system. For purposes of such allocation, demands are measured as each LSE's (including non AEP LSEs) contribution to the AEP Zone single coincident peak experienced in a particular year. This method of demand allocation is commonly referred to as "1CP". As indicated above, the demand allocator used in the Transmission Agreement is the MLR method, which is based on the non-coincident peak of each Member for the previous twelve months.

Q. PLEASE EXPLAIN YOUR POINT ABOUT THE COMPREHENSIVE STATEMENTS RECEIVED FROM PJM.

A. Each month PJM submits to AEP a statement breaking down, in detail, the various services it provides for AEP and the amount of charges or payments it is making for such services. While many of the charges are not transmission-related and are thus not relevant to this filing, AEP's proposal ties the transmission-related monthly settlements among the East operating companies more closely to PJM's monthly statements**.** I also note that the existing Transmission Agreement, unlike the OATT, does not allocate all transmission or transmission related costs, but only those associated with Bulk Transmission facilities. In addition, the Agreement does not presently include Wheeling or Kingsport, although those entities own transmission facilities and are members of PJM. AEP's proposed amendments to the Agreement would more comprehensively allocate transmission-related costs among the AEP operating companies that use the network and own transmission facilities.

Q. PLEASE EXPLAIN YOUR POINT ABOUT SOCIALIZATION OF EHV COSTS WITHIN PJM.

A. In Opinion No. 494, issued in 2007, the Commission, among other things, established cost allocation principles for new transmission facilities built under PJM's regional transmission expansion plan ("RTEP") process. The cost of new EHV facilities operated at 500 kV and above, however, is spread to all transmission zones within PJM. The Commission's rationale in ordering such socialization is that the new 500-kV and above facilities are “backbone” facilities that benefit the entire regions, so all LSEs and their customers in the region should share in the cost of such facilities. The cost of new facilities operated at voltages below 500 kV is borne by the transmission zones within PJM that are shown by load flow simulations to benefit from the transmission upgrades.

Q. HOW ARE THE NEW 500-KV AND ABOVE COSTS ALLOCATED AMONG ALL ZONES?

A. They are allocated on a 1CP basis.

Q. WHAT PERCENTAGE OF PJM’S TOTAL PEAK LOAD DOES AEP’S PEAK REPRESENT?

A. The AEP Zone’s percentage share of the PJM peak demand is about 17%, and the AEP Operating Companies’ load is nearly 87% of the zonal load. This means that AEP and its customers will be charged for about 15% of the costs of all new 500-kV and above facilities built in PJM pursuant to the RTEP.

Q. WHY DOES AEP EXPECT THE PJM SOCIALIZED COSTS TO GROW SO RAPIDLY?

A. Since issuance of Opinion No. 494, PJM has already approved a number of “backbone: EHV projects through its RTEP process. These include 1) the Trans-Allegheny Interstate Line (“TrAIL’), a $1.2 billion 500-kV transmission line and station project being built in Pennsylvania, West Virginia and Virginia by Allegheny Energy Inc. (Allegheny”) and Dominion Virginia Power

("Dominion"), 2) the Potomac Appalachian Transmission Highline ('PATH"), a $1.8 billion 765-kV transmission line and station project being built by subsidiaries of Allegheny and AEP in West Virginia, Virginia and Maryland, 3) Susquehanna-Roseland, a $1.2 billion 500 kV project in Pennsylvania and New Jersey being built by PPL, Inc. and Public Service Electric and Gas Company ("PSEG"), 4) Branchburg – Hudson, a $940 million 500 kV PSEG project, and 5) the Mid-Atlantic Power Pathway ("MAPP") project, a $1.4 billion 500 kV East coast line to be built by Dominion, PSEG and Potomac Electric Power Company ("PEPCo"). Mr. Bethel provides more information about these projects and their costs to AEP in his testimony and exhibits. The approval of these projects reflects the reality that much of PJM is deficient in transmission infrastructure, and many new upgrades to that infrastructure can be expected to be built.

Q. HOW DOES AEP CURRENTLY ALLOCATE THESE COSTS AMONG ITS EAST OPERATING COMPANIES?

A. Since socialization of regional transmission costs is a new phenomenon, the AEP Companies currently have no contractual mechanism in place to allocate these costs. The relatively small amount of costs we are experiencing thus far has been allocated by MLR. However, with the prospect of these costs becoming very significant in the near future, the companies need to have a contractual, Commission-accepted allocation methodology in place.

Q. EXPLAIN HOW ELECTRIC INDUSTRY RESTRUCTURING HAS LED TO A REEVALUATION OF THE TRANSMISSION AGREEMENT.

A. During the past 10-15 years, several states enacted retail customer choice legislation for electric utilities. The object was to interject competition rather than regulation into the provision of retail service. Typically, such legislation involved the unbundling of electric service into generation and wires (transmission and distribution) components. While the wires functions of electric utilities remained regulated monopolies (with open-access requirements) the generation function became a competitive business, with customers allowed to shop among competing suppliers. To facilitate shopping, retail electric rates were unbundled into generation, transmission and distribution components. In recognition of industry restructuring, this Commission added retail customers who could shop for generation pursuant to state retail choice programs to the definition of Eligible Customers under the Commission's pro-forma OATT. As part of their unbundling of retail electric rates, it was common for states with customer choice to require participation in ISO/RTOs and to adopt the incumbent utility's FERC OATT rate as the transmission component of retail electric rates.

Q. WHICH STATES IN AEP'S EAST ZONE ENACTED ELECTRIC RESTRUCTURING LEGISLATION?

A. Three of the seven states that regulate retail electric service by AEP's East operating companies adopted such legislation – Ohio, Michigan and Virginia. As part of such legislation, all three provided for unbundling of retail electric rates.

Even though Michigan and Virginia have amended their electric regulation laws returning to a more traditional regulatory system, and Ohio has changed its legislation from its original restructuring law, all three jurisdictions still require electric rates to be unbundled, and still provide that the unbundled transmission component of retail electric service is the FERC OATT rate.

Q. HOW DOES THIS AFFECT THE TRANSMISSION AGREEMENT?

A. It does not directly affect the Agreement, but it creates anomalies in the recovery of transmission costs.

Q. PLEASE EXPLAIN YOUR LAST ANSWER.

A. As discussed earlier, from the earliest days of open-access transmission, FERC has made it clear that companies in an integrated public utility holding company system must provide service within, out of or through their entire system at a single system-wide rate. The Commission rejected the idea that individual companies within the system could charge additive rates reflecting their individual costs. This was an early form of eliminating "pancaked" transmission rates. In accordance with the Commission's policy in this regard, AEP has, from the first days of its OATT, provided single-system rates across its system. As relevant to AEP's East Zone, these rates have been designed to recover the cost of owning and operating all of the transmission facilities owned by the operating companies in the East Zone. (AEP created separate, non-pancaked rates for its West Zone when it merged with CSW, but those rates are not relevant here). So rates under AEP's OATT were designed by dividing the total system costs by the system peak load, resulting in an average system rate. Rates for the AEP zone under PJM's tariff are designed essentially the same way, and also result in an average rate for the AEP zone.

Q. HOW ARE RATES FOR RETAIL TRANSMISSION SERVICE ESTABLISHED?

A. To begin with, in AEP's "bundled" states, there are no such things as rates for retail transmission service. The operating companies provide electric service at rates based on each company's total electric cost of service. The cost of service that forms the basis for those rates are set by multiplying each company's rate base, including its investment in generation, transmission, distribution and common facilities, by a fair rate of return on investment, then adding its expenses for a given test period. While there are no such things as retail transmission rates in bundled states, it is possible to estimate the transmission component of retail rates by determining the return on transmission plant and related expenses. As would be expected, the estimated transmission component of the each individual company's rate does not equal the average, system-wide rate used in the OATT. The transmission components of some companies' rates are above the average (OATT) rate and some are below. Witness Bethel explains the reasons for these differences.

Q. DOESN'T THE TRANSMISSION AGREEMENT EQUALIZE COSTS?

A. No. The Agreement does not, and never was intended to completely equalize each company's transmission-related costs. It was intended merely to alleviate large differences in such costs caused by major imbalances in investment in costly major EHV (and 138-kV) facilities. I should note, in this regard that, the Agreement has sometimes been referred to informally within AEP as the "transmission equalization agreement" or "TEA." However, that is something of a misnomer, since, as indicated, it does not cause the AEP Companies transmission costs to be equalized.

Q. HOW DO THE ABOVE FACTS, COUPLED WITH ELECTRIC RESTRUCTURING, CAUSE ANOMALIES AND COST RECOVERY PROBLEMS?

A. Such anomalies and problems are caused when some states use the OATT rate – an average rate – for the transmission component of retail rates and others use traditionally-developed rates that can be above or below the average. For example, assume a two-company system, the A-B System, operating in adjoining states: State A is a bundled state and Company A's transmission costs are below the system average. Company B is in a restructured state which uses the OATT rate, and Company B's costs are above the system average. The OATT rate would under-recover Company B's actual transmission costs, while Company A would recover its actual, below-average, transmission costs. The OATT rate would be irrelevant to Company A, because its retail customers would not pay that rate. However, the two company A-B system, as a whole, would under-recover its transmission costs from its retail customers. If the situation were reversed, and state B's costs were below average, the system would over-recover its costs from retail customers. The problem stems from mixing two rate methodologies, using system average rates for some states and non-average rates for others. As it happens, Ohio, the state jurisdiction where about 40% of AEP's East system load resides, uses the OATT as the transmission component of retail rates. Further, Ohio has above-average transmission costs, so AEP under-recovers its costs on a system-wide basis.

Q. HOW DO THE PROPOSED AMENDMENTS TO THE TRANSMISSION AGREEMENT REMEDY THIS PROBLEM?

A. The amendments remedy this problem by bringing each state's transmission costs into equilibrium. Under the proposal, all transmission costs through the PJM OATT, not just costs of facilities 138-kV and above, are allocated among the companies. Further, transmission costs and revenues are allocated to all seven transmission-owning operating companies – not just the five companies that operate EHV facilities. As discussed above, the costs are allocated to each operating company on a coincident peak basis, 12 versus 1, instead of the non-coincident peak method used under the transmission agreement. All of these factors taken together will cause the revised Transmission Agreement to "equalize" transmission costs among the East companies.

Q. DOES AEP PROPOSE TO USE A 1 CP ALLOCATION METHOD LIKE PJM?

A. No. AEP proposes a 12 CP method. As explained in more detail by AEP witness Dennis W. Bethel, a 12 CP method produces more stable, predictable results than the 1 CP method used by PJM.

VI. DELAYED EFFECTIVE DATE

Q. WHEN IS AEP PROPOSING THAT THE PROPOSED AMENDMENTS TO THE AGREEMENT BECOME EFFECTIVE?

A. AEP is asking that the amendments not become effective until they are accepted in a final order by the Commission. We are requesting waiver of the Commission's notice requirement to allow such a delayed effective date.

Q. WHY ARE YOU REQUESTING A DELAYED EFFECTIVE DATE?

A. There are several reasons for this request. First, AEP's pooling agreements, including the proposed amended Agreement, are meant to govern integrated planning and operations over the long term. Therefore, while AEP would prefer to get the amendments in place as soon as possible, it is also important to achieve a result that is acceptable to state regulators and other stakeholders, or at least has been found by the Commission to be just and reasonable with respect to such stakeholders. Second, there are some cost shifts involved in the proposed amendments. A delayed effective date will allow the affected Members and stakeholders to adapt to the new system. Finally, a delayed effective date will obviate the need to impose refunds or surcharges, which would entail administrative costs and potential issues associated with retail recovery.

Q. HAS THE COMMISSION ACCEPTED A SIMILAR PROPOSAL IN THE PAST?

A. Yes. In 2006, when AEP filed proposed changes to its System Integration Agreement, we made a similar proposal, which was accepted by the Commission, albeit through a delegated letter order after no party had protested our filing.

Q. **DOES THIS CONCLUDE YOUR PREPARED DIRECT TESTIMONY?**

A. Yes it does.