Liberty Utilities

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

Docket No. DE 13-______

Granite State Electric Company d/b/a Liberty Utilities
Fiscal Year 2013 Reliability Enhancement Plan and
Vegetation Management Plan
Report and Reconciliation Filing

DIRECT TESTIMONY

OF

CHRISTIANE G. MASON

May 15, 2013

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I. INTRODUCTION

Q. Please state your name and business addresses.

A. My name is ChristiAne G. Mason. My business address is 11 Northeastern Boulevard, Salem, NH 03079.

Q. Ms. Mason by whom are you employed and in what capacity?

A. I am Director and Head of Regulatory, Government and Community Affairs for Liberty Energy Utilities (New Hampshire) Corp. ("Liberty Energy NH") which owns all of the stock of Granite State Electric Company ("Granite State" or the "Company"). Liberty Energy NH provides services to Granite State. My management responsibilities are primarily in the areas of compliance, financial and regulatory services.

Q. Please briefly describe your educational background and professional experience.

A. I earned a Bachelor of Science in Business Administration from Franklin Pierce University and in 2001 received a Master's of Science in Finance-Management Information Systems from Rensselaer Polytechnic Institute. I have over 25 years of professional experience in the utility industry in the areas of finance, administration and regulation. For much of my career I was employed by the NH Public Utilities Commission ("NHPUC" or "Commission") in varying capacities, including most recently as Director of Administration and Assistant Executive Director, and prior to that as Assistant Director of Telecommunications. In addition to my experience at the

Commission, I was employed by ISO-NE in Holyoke, MA as a Project Manager during their Market Systems deployment with responsibility for departmental level Program Management and executive level Markets Implementation reporting. Prior to that, I was employed by Sierra Telephone Company, in Oakhurst, CA, where I was responsible for regulatory matters before the California Public Utilities Commission and the Federal Communications Commission, as well as for the deployment of their subsidiary, Sierra Tel Long Distance Company. I joined Liberty Energy NH in October 2011.

Q. Have you previously testified or participated in proceedings before the Commission?

A. Yes. I have testified and participated in a number of dockets before the Commission, including: DRM 87-233 Uniform System of Accounts for Telecommunications Companies, DR 89-010 New England Telephone and Telegraph Company Rate Investigation, DE 90-002 Generic Investigation Into Intralata Toll Competition Access Rates, DE 90-200 New England Telephone and NYNEX Information Resources Company telephone directory publishing agreements, Rate Investigations for DR 90-219 Granite State Telephone, Inc., DR 90-220 Union Telephone Company and DR 90-221 Wilton Telephone Company, as well as in, DT 02-165 Investigation of Verizon New Hampshire's Treatment of Yellow Page Revenues.

II. PURPOSE OF TESTIMONY

Q. On whose behalf are you sponsoring this testimony?

A. I am sponsoring this testimony on behalf of Granite State.

Q. What is the purpose of your testimony?

A. This testimony supports Granite State's request for Commission approval to recover the incremental operating and maintenance ("O&M") and capital investment allowance expense associated with the Reliability Enhancement Program ("REP") and Vegetation Management Program ("VMP") and implemented during fiscal year 2013 ("FY 2013") resulting from the Company's FY 2013 REP and VMP Report ("2013 REP/VMP Report") included in this filing.

Specifically, the Company seeks Commission approval to recover from customers $23,319 commencing July 1, 2013 based on the following four (4) components. First, the Company seeks to refund customers $52,081 through the REP/VMP Adjustment Factor (plus interest), which represents the amount of incremental O&M expense below the base O&M amount of $1,360,000, after reimbursements of $253,054 from FairPoint Communications ("FairPoint"), as discussed later in my testimony. Second, the Company seeks to recover a REP Capital Investment Allowance of $125,829, which is the difference in the cumulative revenue requirement for program inception including the $545,916 of capital investment for FY 2013. Reducing the cumulative revenue requirement is a prior period adjustment of $2,397 associated with the increased tax deprecation related to the application of the capital repairs tax deduction and bonus depreciation which are explained in more detail later in my testimony. Third, the Company seeks to refund $47,994 to customers through the REP/VMP Adjustment Factor (plus interest), which represents the final over collection balance related to the REP/VMP Adjustment Factor which was in effect July 1, 2011 through June 30, 2012. Finally, the carrying charge to be refunded to customers on the interest-bearing items above is $2,435. Based on these refunds and as discussed in my testimony below, the Company also requests Commission approval to increase its annual distribution rates by $318,526 effective July 1, 2013.

Q. Are there any schedules accompanying your testimony?

A. Yes, there are. Attached to my testimony are the following schedules:

Schedule CGM-1	REP/VMP Revenue Requirement
Schedule CGM-2	REP/VMP Rate Design
Schedule CGM-3	Reconciliation of Recovery of FY 2011 Incremental O&M Expense Below Base O&M Expense and FY 2012 Incremental O&M Expense Below Base O&M Expense
Schedule CGM-4	Typical Bill Impacts
Schedule CGM-5	Revised Tariff Pages

III. SCHEDULE SUMMARY

Q. Would you please summarize Schedule CGM-1 to your testimony?

A. Yes. Schedule CGM-1 provides the data supporting the REP/VMP Adjustment, REP Capital Investment Allowance, and net increase in annual distribution rates proposed in this reconciliation filing. In particular, Schedule CGM-1, Page 1 provides a summary of estimated rate adjustments for the Incremental VMP/REP O&M spend and REP capital investment allowance. The amounts in columns (a) through (f) represent actual data for the fiscal years 2008 through 2013. The column titled "07/01/2013" is the basis for the rate adjustment to be implemented on July 1, 2013 and shows the Company's net change of recovery from the prior year.

In summary, for FY 2013, the Company is proposing a net increase to its annual distribution rates of $318,526 commencing July 1, 2013. This increase in rates is because the proposed net increase of $23,319 is higher than the net refund provided to customers effective July 1, 2012 in the prior year and as approved by Order 25,377. The increase of $318,526 is composed of the following: (i) $368,955, as shown on Page 1, Column (f), Line 9; (ii) less a refund of $47,994, as shown on Schedule CGM-2, Page 3, Line 2; and (iii) less an interest refund of $2,435, as shown on Schedule CGM-2, Page 3, Line 3. This resulting amount is the proposed rate adjustment effective for usage on and after July 1, 2013 associated with the REP Capital Investment Allowance and the REP/VMP Adjustment Provision.

IV. INCREMENTAL REP/VMP O&M EXPENSE

Q. Is the Company's request to recover/refund the incremental REP/VMP O&M expense incurred during FY 2013 consistent with the terms of the settlement agreement approved by the Commission in Docket No. DG 11-040 ("Settlement Agreement")?

A. Yes. As required by the Settlement Agreement, on February 15, 2012 the Company provided its proposed REP/VMP for FY 2013 to Staff for its review. In addition, the Company met with Staff to discuss its FY 2013 proposal. The Settlement Agreement at Pages 3 and 4 of Attachment K provides the elements that must be included in the Company's REP/VMP Plan for each fiscal year and the process for Staff review. The Settlement Agreement at Page 4 of Attachment K establishes a base O&M expense amount of $1,360,000. Actual expenses incurred by the Company in implementing the O&M components of the annual REP/VMP Plan, as supported by Staff, shall be reconciled to the base O&M amount of $1,360,000 and shall be subject to the REP/VMP Adjustment Provision. This reconciliation is shown in column (f) on Schedule CGM-1, Page 2.

For FY 2013, following review and discussion, the Company and Staff agreed to a total O&M budget of $1,721,585, as shown on Schedule CGM-1, Page 2, Line 3, which reflects $145,000 for REP-related O&M and $1,576,585 for VMP-related O&M. As indicated in the FY 2013 REP/VMP Report and reflected on Schedule CGM-1, Page 2, Line 1, the Company actually incurred $1,560,973 in REP/VMP O&M expenses during FY 2013. This is $200,973 more than the base rate recovery amount of $1,360,000 reflected in rates, as shown on Line 9. Offsetting the FY 2013 spending is $253,054 in reimbursements from FairPoint related to its share of vegetation management expenses initially incurred by the Company and then billed to FairPoint, which are being passed back to customers on Schedule CGM-1, Page 2, Line 11. The Company is therefore seeking recovery of the total O&M spending, net of FairPoint reimbursements, or $1,307,919, as shown on Schedule CGM-1, Page 2, Line 15. This incremental O&M expense is below the base recovery amount of $1,360,000 reflected in rates, resulting in a net O&M credit for FY 2013 of $52,081 on Schedule CGM-1, Page 2, Line 13, which the Company proposes to refund to customers.

V. REP CAPITAL INVESTMENT ALLOWANCE

Q. Is the calculation of the FY 2013 REP Capital Investment Allowance included in the Company's proposal consistent with the terms of the Settlement Agreement?

A. Yes, it is. The calculation is consistent with the calculation agreed to in the Settlement Agreement as shown in Attachment 1 to Attachment K. The Company is proposing to recover the net incremental revenue requirement of $125,829, which is the difference in the cumulative revenue requirement for program inception including the $545,916 of capital investment for FY 2013 as shown on Schedule CGM-1, Page 3, Line 1. Reducing the cumulative revenue requirement is a prior period adjustment of $2,397 associated with the increased tax deprecation related to the application of the capital repairs tax deduction and bonus depreciation which are explained in more detail later in my testimony.

Q. Did the Company update or change any component(s) of the revenue requirement calculation set forth in Attachment 1 to Attachment K of the Settlement Agreement.

A. Yes. The Company updated the composite depreciation rate and the property tax rate to reflect the actual data for calendar year 2012 ("CY 2012"). These new rates are reflected in column (f) on Schedule CGM-1, page 3, Lines 4 and 49, respectively. The Company has updated the adjustment related to the inclusion of the capital repairs tax deduction and bonus deprecation in the tax deprecation calculations and supporting pages included in the Company's FY 2012 filing. In addition, the Company is proposing an adjustment that captures the effect of separate determinations of federal and state accumulated deferred income tax credits to rate base. In its FY 2012 filing, the Company incorrectly included bonus depreciation in its calculation of the state portion of the accumulated deferred income tax credits to rate base. A detailed discussion of this adjustment is provided later in my testimony.

Q. How has the Company determined the capital investment amount included in the REP Capital Investment Allowance revenue requirement calculation contained on Schedule CGM-1.

A. Pursuant to the terms of the Settlement Agreement, Attachment K at Pages 7 and 8,

> Granite State shall track all capital investments made in accordance with the REP for each fiscal year including FY 2012 through 2013. At the same time that Granite State makes its reconciliation filing for the REP/VMP Adjustment reconciliation, Granite State shall file a report detailing the actual amount of capital investments made in accordance with implementing the REP during the prior fiscal year. The report shall include a calculation of the revenue requirement for adding these additional capital investments into rate base, using Granite State's current Commission approved capital structure and debt and equity rates as illustrated on the accompanying Attachment 1. Provided that the investments were made in accordance with the REP, Granite State will be allowed, subject to Commission approval, a permanent increase in its distribution rates to recover the annual revenue requirement for those investments. This permanent REP Capital Investment Allowance will take effect for usage on and after July 1, at the same time as any REP/VMP Adjustments are implemented for the preceding fiscal year as discussed in section (D) above.

As indicated in the 2013 REP/VMP Report, the Company invested $545,916 in REP capital investments in FY 2013. The Settlement Agreement provides for the recovery, subject to Commission approval, of the revenue requirement associated with actual capital investment. Therefore, the Company is basing the revenue requirement calculation on the $545,916 of actual capital investment for FY 2013.

Q. Are there any changes to the revenue requirement calculation contained on Page 3 of Schedule CGM-1 for FY 2013?

A. Yes, there are. The Deferred Tax Calculation portion of Schedule CGM-1 (Lines 1 through 36) has been expanded to show the independent determination of the accumulated deferred income tax credit[1] to rate base for federal and state income taxes. This change was required to reflect the fact that bonus depreciation is not deductible for state income tax purposes, whereas it is deductible for federal income tax purposes. The exclusion of bonus depreciation for state income tax purposes is shown in the Remaining Tax Depreciation (State) section on Pages 4 through 9 and Pages 11 through 14. A separate calculation of tax depreciation for federal and state income tax purposes is required for each year of the REP program (FY 2008 through FY 2013). The results of the separate calculations are summarized on Schedule CGM-1, Page 3, Lines 5 through 13, for federal taxes and on Lines 15 through 23 for state taxes.

Q. Please explain the revenue requirement calculation contained on Page 3 of Schedule CGM-1.

A. Lines 1 through 42 calculate the rate base upon which the Company's return allowance is calculated. As shown on Line 1 in column (f), the FY 2013 annual REP program spend is $545,916, as previously discussed, resulting in the cumulative amount of $3,881,233, as shown on Line 2 of that same column. Lines 4 through 36 calculate the deferred tax reserve based on the cumulative depreciation expense timing difference between book and tax depreciation expense for federal and state income taxes. The cumulative book/tax timing difference for federal tax is $2,165,833 as shown on Line 30 and for state

[1] The accumulated deferred income tax is labeled deferred tax reserve on Schedule CGM-1.

tax is $1,257,788 as shown on Line 33. The cumulative deferred tax reserve for each tax jurisdiction equals the cumulative book/tax timing difference times the effective jurisdictional tax rate. The total deferred tax reserve is $864,953 as shown on Line 36. The composite book depreciation rate is based on actual data for CY 2012 and equals 3.33 percent. The total deferred tax reserve reflects the balance that would have been recorded on the Company's books absent the transfer of ownership of the Company to Liberty Energy NH from National Grid.[2]

Q. Please describe the calculation of tax depreciation expense that underlies the calculation the deferred tax reserve described above.

A. Tax depreciation expense for federal and state taxes for each fiscal year is made up of three components: (1) a capital repairs tax deduction; (2) bonus depreciation for federal tax only; and (3) accelerated depreciation based on the Internal Revenue Service's ("IRS") Modified Accelerated Cost-Recovery System ("MACRS") rates for 20 year utility property. In addition, a correction to the FY 2012 one-time true-up related to an update of the inclusion of the capital repairs tax deduction and bonus depreciation for fiscal years 2008 through 2011 and the inclusion of an FY 2013 one-time true-up to capture these same effects for fiscal year 2012 were also made.

[2] The Company has preserved National Grid's method of computing the deferred tax reserve for the REP portion of the revenue requirement in order to satisfy its Settlement Agreement commitment to eliminate any rate impact from the Internal Revenue Code Section 338(h)(10) election made in connection with the acquisition of Granite State by Liberty Energy NH. *See* Settlement Agreement at Bates page 19.

Q. Please continue.

A. The calculation of the components of tax depreciation expense described above for each fiscal year is shown on Pages 4 and 9 of Schedule CGM-1.

The capital repairs deduction component of tax depreciation is shown on Lines 1 through 4 of Pages 4 through 9. During 2009, the IRS issued guidance under Internal Revenue Code ("IRC") Section 162 related to certain expenditures that could be deemed to be repair and maintenance expenses, and thus eligible for immediate tax deduction for income tax purposes, but were capitalized by the Company for book purposes. This tax deduction has the effect of increasing deferred taxes and lowering the revenue requirement that customers will pay under the REP. The percentage of REP capital expenditures that could be classified as repair expense varies by fiscal year. For example, thirty-one percent (31%)[3] of REP capital work performed during FY 2012 was eligible for the capital repairs deduction on the Company's FY 2012 tax return, as shown on Line 3 of Page 8.

Bonus depreciation for federal tax purposes is then calculated on the REP capital additions, net of additions subject to the capital repairs deduction. During 2008, Congress passed the Economic Stimulus Act of 2008 which established a 50 percent

[3] In the Company's FY 2012 REP/VMP Report and Reconciliation filing, the capital repairs deduction rate was estimated at 24.7%. Upon the subsequent filing of the Company's FY 2012 federal tax return, this rate was updated to 31% and is reflected in the instant filing.

bonus depreciation deduction for certain eligible plant additions. Congress has passed further laws that have extended and changed the bonus depreciation rate at different periods of time. The bonus depreciation deduction rate is 100 percent for capital additions eligible for bonus depreciation for the period April 1, 2011 to December 31, 2011, while that rate is 50 percent for capital additions during the remainder of FY 2012 and for FY 2013. The calculation of bonus depreciation expense is shown in the like named section of Pages 4 through 9.

For federal tax purposes, any capital additions not subject to the capital repairs deduction or bonus depreciation are then subject to 20 Year MACRS depreciation rates as shown in the Remaining Tax Depreciation (Federal) section of Pages 4 through 9. For state tax purposes, any capital additions not subject to the capital repairs deduction are then subject to 20 Year MACRS depreciation rates as shown in the Remaining Tax Depreciation (State) section of Pages 4 through 9. Total tax depreciation for federal and state taxes is shown on the last two lines of Pages 4 through 9. In addition, on Pages 8 and 9, Lines 42 through 45, is the FY 2012 and FY 2013 Safe Harbor True Up for federal and state tax depreciation.

Q. What are the FY 2012 and FY 2013 Safe Harbor True Up's and how were they determined?

A. During 2011, the IRS issued Rev. Proc. 2011-43, which provided a safe harbor method of accounting that taxpayers may use to determine whether expenditures to maintain, replace, or improve electric transmission and distribution property must be capitalized under IRC Section 263(a) or deducted as a repair expense under IRC Section 162. Rev. Proc. 2011-43 in effect clarified the 2009 guidance on the capital repairs deduction, among other things, and provided a prescribed accounting method for taxpayers to determine the deduction in a manner that the IRS would not challenge in a subsequent audit.

The FY 2012 Safe Harbor True Up adjustments for federal and state taxes shown on Lines 42 through 45 of Page 8 represents the comparison of tax depreciation including capital repairs deductions actually taken on REP capital investment during FY 2008 through FY 2011 as compared to tax depreciation including capital repairs deductions for those years at the updated FY 2012-13 rate of 31%, as calculated on Page 10 of Schedule CGM-1. The FY 2013 Safe Harbor True Up adjustments on Lines 42 through 45 of Page 9 were calculated in like fashion. The Safe Harbor True Up adjustments are applied to the previously determined federal and state tax depreciation to derive the net FY 2012 and FY 2013 tax depreciation, which is carried forward to Lines 10 and 11 (Federal), and Lines 20 and 21 (State), columns (e) and (f) on Page 3 of Schedule CGM-1.

Q. Please describe the remainder of the revenue requirement calculation on Page 3 of Schedule CGM-1.

A. The Company's year-end net rate base of $2,478,057, upon which the Company's return allowance is calculated, is shown on Line 42 and consists of the cumulative REP capital investment through FY 2013, or $3,881,233, less accumulated book depreciation of $538,222 and accumulated deferred tax reserves of $864,953, as shown on Lines 39 through 41, respectively.

As provided in the Settlement Agreement, the return allowance for the REP capital investment allowance for each July 1 rate adjustment is based on the prior fiscal year-end rate base times the Company's currently approved pre-tax weighted average cost of capital as shown on Lines 59 through 64 of Page 3 of Schedule CGM-1, or 11.91 percent. The resulting return allowance equals the fiscal year-end rate base of $2,478,057 times the stipulated pre-tax return rate of 11.91 percent, or $295,084, as shown on Line 47. Annual depreciation expense of $129,109 and property taxes of $118,343, on Lines 48 and 49, respectively, are added to the return amount to arrive at the total revenue requirement of $542,536 on Line 50. The property tax amount is based on the actual ratio of municipal tax expense to net plant in service for CY 2012 applied to the fiscal year-end net plant in service, or the sum of Lines 39 and 40. For FY 2013, the revenue requirement has been adjusted to reflect the update of the capital repairs tax deduction and state income tax bonus depreciation exclusion related to the FY 2008 through FY

2012 REP capital investment. The impact is an increase of $2,397 as calculated in footnote (d) on Page 3 of Schedule CGM-1.

Q. What is the amount of the incremental revenue requirement for FY 2013 REP capital investment?

A. The incremental FY 2013 revenue requirement amount of $125,829 is equal to the cumulative revenue requirement less the previous year's cumulative revenue requirement and is shown on Line 56 in column (g).

VI. RATE DESIGN AND RECONCILIATION

Q. Is the procedure for adjusting distribution rates for the REP Capital Investment Allowance and REP/VMP Adjustment Provision consistent with the terms of the Settlement Agreement?

A. Yes. The rate design in Schedule CGM-2 of my testimony is consistent with the terms of the Settlement Agreement and is the same procedure used to adjust base distribution rates associated with the REP Capital Investment Allowance in the Company's prior REP/VMP reconciliation filings. *See* Order No. 24,998 in Docket DE 09-094, Order No. 25,126 in Docket DE 10-140, Order No. 25,245 in Docket DE 11-107, and Order No. 25,377 in Docket DE 12-130.

Q. Please describe the procedure for adjusting distribution rates for the REP Capital Investment Allowance.

A. The procedure for adjusting distribution rates is presented in Schedule CGM-2. As presented on Page 1 of Schedule CGM-2, the Company simply divides the capital investment allowance related to the REP on Line 1 by the forecasted annual distribution revenue for the twelve month period ended June 30, 2014 on Line 2 to calculate the percentage increase on Line 3 which is then applied to each of the Company's base distribution charge components. The calculation of the forecasted annual distribution revenue is presented on Page 2 of Schedule CGM-2.

Q. Please describe the procedure for calculating the REP/VMP O&M Adjustment Factor.

A. The procedure for calculating the REP/VMP O&M Adjustment Factor is also presented in Schedule CGM-2. As presented on Page 3 of Schedule CGM-2, the Company first adds the incremental O&M expense above Base O&M expense for FY 2012 of ($52,081) and the final balance of ($47,994) related to the REP/VMP Adjustment Factor which was designed to recover FY 2011 Incremental O&M expense. Next, the Company simply divides this sum, including interest, on Line 5, by the Company's estimated kWh deliveries for the twelve month period ended June 30, 2014 on Line 6 to calculate the adjustment factor of ($0.00010) on Line 7 which is then applied to all kWh's billed to customers. The calculation of interest is presented on Page 4 of Schedule CGM-2. The calculation of the new base distribution rates is presented on Page 5 of Schedule CGM-2.

Q. Has the Company included a reconciliation of the REP/VMP O&M Adjustment Factor which was in effect July 1, 2011 through June 30, 2012?

A. Yes. Pursuant to the Settlement Agreement, this reconciliation is only associated with the recovery (or refund) of approved incremental O&M expense. This reconciliation is presented on Page 1 of Schedule CGM-3. Of the $758,113 of FY 2012 incremental O&M expense below base O&M expense to be refunded through the REP/VMP Adjustment Factor of ($0.00083) per kWh, $731,247 was refunded through June 2012, resulting in an under refund. The Company is proposing to refund the balance of $47,994 through the REP/VMP Adjustment Factor proposed effective July 1, 2013.

Q. Has the Company included a reconciliation of the existing REP/VMP O&M Adjustment Factor for the prior year?

A. Yes. Pursuant to the Settlement Agreement, this reconciliation is only associated with the recovery (or refund) of approved incremental O&M expense. This reconciliation is presented on Page 2 of Schedule CGM-3. Of the $339,699 of FY 2012 O&M expense below base O&M expense to be refunded through the currently effective REP/VMP Adjustment Credit Factor of ($0.00037) per kWh, $253,651 has been refunded through March 2013. Any remaining balance after the end of the recovery period, positive or negative, will be reflected as an adjustment in the calculation of a future proposed

REP/VMP Adjustment Factor.

VII. EFFECTIVE DATE, BILL IMPACT, AND TARIFF PAGES

Q. How and when is the Company proposing that these rate changes be implemented?

A. Consistent with the Commission's rules on the implementation of rate changes, the Company is proposing that these distribution rate changes be made effective for service rendered on and after July 1, 2013.

Q. Has the Company determined the impact of these rate changes on customer bills?

A. Yes. These bill impacts are included as Schedule CGM-4. Schedule CGM-4, Page 1, shows that for a typical residential 500 kilowatt-hour Default Service customer, the bill impact of the rates proposed for July 1, 2013, as compared to rates in effect today, is a bill increase of $0.23, or 0.4 percent, from $65.58 to $65.81. In addition, a bill comparison for a Default Service residential customer with an average kilowatt-hour usage of 676, which is the average monthly usage over the 12 months ending April 2013, has also been included on Page 1 of Schedule CGM-4. For a Default Service residential customer using 676 kWh, the total bill impact of the rates proposed in this filing, as compared to rates in effect today, is a bill increase of $0.33, or 0.4 percent, from $89.43 to $89.76. For other customers, increases range from 0.3 percent to 0.4 percent.

Q. Has the Company prepared revised tariff pages reflecting the proposed rates?

A. Yes. The revised tariff pages are set forth in Schedule CGM-5.

VIII. CONCLUSION

Q. Does this conclude your testimony?

A. Yes, it does.