Minnesota Power

Attachment O Rate Formula

Annual True-Up for 2014

1. **With respect to any change in accounting that affects inputs to the formula rate or the resulting charges billed under the formula rate (“Accounting Change”):**
   1. **Identify any Accounting Changes, including**
      1. **The initial implementation of an accounting standard or policy;**

There was not an initial implementation of an accounting standard or policy.

* + 1. **the initial implementation of accounting practices for unusual or unconventional items where FERC has not provided specific accounting direction;**

There was not an initial implementation of an accounting practice for unusual or unconventional items where FERC has not provided specific accounting direction.

* + 1. **correction of errors and prior period adjustments that impact the True-Up Adjustment calculation;**

There were no corrections of errors or prior period adjustments to the Company’s financial statements. Any corrections or adjustments to the True-Up Adjustment calculation are noted within the working papers.

* + 1. **the implementation of new estimation methods or policies that change prior estimates; and**

There were no new estimation methods implemented or policies that change prior estimates contained within the Company’s financial statements. Any changes to estimates as to amounts or assumptions are noted within the working papers.

* + 1. **changes to income tax elections;**

There were no changes to income tax elections.

* 1. **Identify items included in the Annual True-Up at an amount other than on a historic cost basis;**

There were no items included in the Annual True-Up at an amount other than on a historic cost basis.

* 1. **Identify any reorganization or merger transaction during the previous year and explain the effect of the accounting for such transaction(s) on inputs to the Annual True-Up;**

There was no reorganization or merger transaction during 2014.

* 1. **Provide, for each item identified pursuant to items II.E.8.a-II.E.8.c of these protocols, a narrative explanation of the individual impact of such changes on the True-Up Adjustment.**

As the Company has not identified any accounting changes, items recorded at an amount other than on a historic cost basis, or reorganizations or merger transactions that affect inputs to the formula rate, no additional narrative is required here.