

8. 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”):

a. Identify any Accounting Changes, including

i. The initial implementation of an accounting standard or policy;

There was not an initial implementation of an accounting standard or policy which impacted the True-Up Calculation.

ii. 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.

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

The following error concerning ALLETE’s December 31, 2016, balance of Accum. Prov. For Depr. (108) was corrected in ALLETE’s 2017 FERC Form 1 filing:

During the fourth quarter of 2017, ALLETE identified an error related to the presentation of plant removal obligations. ALLETE evaluated the materiality of the error and concluded it was not material to any previously issued historical financial statements. ALLETE has revised its historical Comparative Balance Sheet as of December 31, 2016, by increasing Accum. Prov. for Depr. Amort. Depl. (108) and decreasing Other Regulatory Liabilities (254) by \$19.0 million. The correction had no impact on our Statement of Income.

iv. 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.

v. changes to income tax elections;

There were no changes to income tax elections.

- b. 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.

- c. 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 2017.

- d. 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 described above in II.E.8.a.iii, the correction of the December 31, 2016, balance related to Accum. Prov. for Depr. Amort. Depl. (108) increased accumulated depreciation by approximately \$19 million.

As the Company has not identified any other 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.