Minnesota Power

Attachment O Rate Formula

2018 Projected Net Revenue Requirement

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 is 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 is 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 projected net revenue requirement calculation;**

There are no corrections of errors or prior period adjustments to the Company’s financial statements.

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

There are no new estimation methods or policies implemented 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 projected net revenue requirement at an amount other than on a historic cost basis;**

There are no items included in the projected net revenue requirement 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 projected net revenue requirement;**

Any impacts from a potential reorganization or merger have not been reflected and will not be until such an event has been effectuated.

* 1. **Provide, for each item identified pursuant to items II.F.4.a-II.F.4.c of these protocols, a narrative explanation of the individual impact of such changes on the projected net revenue requirement.**

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.