

ALLIANT ENERGY CORP  
Form 10-Q  
August 07, 2014  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934

For the quarterly period ended June 30, 2014

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

| Commission<br>File Number | Name of Registrant, State of Incorporation,<br>Address of Principal Executive Offices and Telephone Number                                      | IRS Employer<br>Identification Number |
|---------------------------|---|---------------------------------------|
| 1-9894                    | ALLIANT ENERGY CORPORATION<br>(a Wisconsin corporation)<br>4902 N. Biltmore Lane<br>Madison, Wisconsin 53718<br>Telephone (608) 458-3311        | 39-1380265                            |
| 1-4117                    | INTERSTATE POWER AND LIGHT COMPANY<br>(an Iowa corporation)<br>Alliant Energy Tower<br>Cedar Rapids, Iowa 52401<br>Telephone (319) 786-4411     | 42-0331370                            |
| 0-337                     | WISCONSIN POWER AND LIGHT COMPANY<br>(a Wisconsin corporation)<br>4902 N. Biltmore Lane<br>Madison, Wisconsin 53718<br>Telephone (608) 458-3311 | 39-0714890                            |

This combined Form 10-Q is separately filed by Alliant Energy Corporation, Interstate Power and Light Company and Wisconsin Power and Light Company. Information contained in the Form 10-Q relating to Interstate Power and Light Company and Wisconsin Power and Light Company is filed by each such registrant on its own behalf. Each of Interstate Power and Light Company and Wisconsin Power and Light Company makes no representation as to information relating to registrants other than itself.

Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days. Yes  No

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Indicate by check mark whether the registrants have submitted electronically and posted on their corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrants were required to submit and post such files). Yes  No

Indicate by check mark whether the registrants are large accelerated filers, accelerated filers, non-accelerated filers, or smaller reporting companies. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

|                                    | Large<br>Accelerated<br>Filer | Accelerated<br>Filer | Non-accelerated<br>Filer | Smaller<br>Reporting<br>Company<br>Filer |
|------------------------------------|-------------------------------|----------------------|--------------------------|--|
| Alliant Energy Corporation         | x                             |                      |                          |  |
| Interstate Power and Light Company |                               |                      | x                        |  |
| Wisconsin Power and Light Company  |                               |                      | x                        |  |

Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Number of shares outstanding of each class of common stock as of June 30, 2014:

|                                    |   |
|------------------------------------|---|
| Alliant Energy Corporation         | Common stock, \$0.01 par value, 110,935,680 shares outstanding  |
| Interstate Power and Light Company | Common stock, \$2.50 par value, 13,370,788 shares outstanding (all of which are owned beneficially and of record by Alliant Energy Corporation) |
| Wisconsin Power and Light Company  | Common stock, \$5 par value, 13,236,601 shares outstanding (all of which are owned beneficially and of record by Alliant Energy Corporation)    |

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## DEFINITIONS

The following abbreviations or acronyms used in this Form 10-Q are defined below:

| Abbreviation or Acronym | Definition  |
|-------------------------|---|
| 2013 Form 10-K          | Combined Annual Report on Form 10-K filed by Alliant Energy, IPL and WPL for the year ended Dec. 31, 2013 |
| AFUDC                   | Allowance for funds used during construction  |
| Alliant Energy          | Alliant Energy Corporation  |
| AROs                    | Asset retirement obligations  |
| ATC                     | American Transmission Company LLC   |
| ATI                     | AE Transco Investments, LLC   |
| CA                      | Certificate of authority  |
| CAA                     | Clean Air Act   |
| CAIR                    | Clean Air Interstate Rule   |
| CDD                     | Cooling degree days   |
| CEO                     | Chief Executive Officer   |
| CFO                     | Chief Financial Officer   |
| CO <sub>2</sub>         | Carbon dioxide  |
| Columbia                | Columbia Energy Center  |
| Corporate Services      | Alliant Energy Corporate Services, Inc.   |
| CRANDIC                 | Cedar Rapids and Iowa City Railway Company  |
| CSAPR                   | Cross-State Air Pollution Rule  |
| CWIP                    | Construction work in progress   |
| DAEC                    | Duane Arnold Energy Center  |
| D.C. Circuit Court      | U.S. Court of Appeals for the D.C. Circuit  |
| DCP                     | Deferred Compensation Plan  |
| Dth                     | Dekatherm   |
| Eagle Point             | Eagle Point Solar   |
| Edgewater               | Edgewater Generating Station  |
| EGU                     | Electric generating unit  |
| EPA                     | U.S. Environmental Protection Agency  |
| EPB                     | Emissions Plan and Budget   |
| EPS                     | Earnings per weighted average common share  |
| FERC                    | Federal Energy Regulatory Commission  |
| Financial Statements    | Condensed Consolidated Financial Statements   |
| FTR                     | Financial transmission right  |
| Fuel-related            | Electric production fuel and energy purchases   |
| GAAP                    | U.S. generally accepted accounting principles   |
| GHG                     | Greenhouse gases  |
| HDD                     | Heating degree days   |
| IPL                     | Interstate Power and Light Company  |
| IPO                     | Initial public offering   |
| ISO-NE                  | ISO New England Inc.  |
| ITC                     | ITC Midwest LLC   |
| IUB                     | Iowa Utilities Board  |
| Jo-Carroll              | Jo-Carroll Energy, Inc.   |
| Kewaunee                | Kewaunee Nuclear Power Plant  |
| Marshalltown            | Marshalltown Generating Station   |

MDA

Management's Discussion and Analysis of Financial Condition and Results of Operations

MGP

Manufactured gas plant

MidAmerican

MidAmerican Energy Company

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| Abbreviation or Acronym | Definition  |
|-------------------------|---|
| MISO                    | Midcontinent Independent System Operator, Inc.                |
| MPUC                    | Minnesota Public Utilities Commission                         |
| MW                      | Megawatt  |
| MWh                     | Megawatt-hour   |
| N/A                     | Not applicable  |
| NAAQS                   | National Ambient Air Quality Standards                        |
| Nelson Dewey            | Nelson Dewey Generating Station                               |
| Note(s)                 | Combined Notes to Condensed Consolidated Financial Statements |
| NOx                     | Nitrogen oxide  |
| OPEB                    | Other postretirement benefits                                 |
| PJM                     | PJM Interconnection, LLC                                      |
| PPA                     | Purchased power agreement                                     |
| PSCW                    | Public Service Commission of Wisconsin                        |
| PSD                     | Prevention of Significant Deterioration                       |
| Receivables Agreement   | Receivables Purchase and Sale Agreement                       |
| Resources               | Alliant Energy Resources, LLC                                 |
| RFP                     | Request for proposals   |
| RMT                     | RMT, Inc.   |
| RTO                     | Regional Transmission Organization                            |
| SCR                     | Selective catalytic reduction                                 |
| SIP                     | State implementation plan                                     |
| SO <sub>2</sub>         | Sulfur dioxide  |
| SSR                     | System Support Resource                                       |
| U.S.                    | United States of America                                      |
| Whiting Petroleum       | Whiting Petroleum Corporation                                 |
| WPL                     | Wisconsin Power and Light Company                             |
| WPL Transco             | WPL Transco, LLC  |
| XBRL                    | Extensible Business Reporting Language                        |

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FORWARD-LOOKING STATEMENTS

Statements contained in this report that are not of historical fact are forward-looking statements intended to qualify for the safe harbors from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified as such because the statements include words such as “may,” “believe,” “expect,” “anticipate,” “plan,” “project,” “will,” “projections,” “estimate,” or other words of similar import. Similarly, statements that describe future financial performance or plans or strategies are forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those expressed in, or implied by, such statements. Some, but not all, of the risks and uncertainties of Alliant Energy, IPL and WPL that could materially affect actual results include:

- federal and state regulatory or governmental actions, including the impact of energy, tax, financial and health care legislation, and of regulatory agency orders;
- IPL’s and WPL’s ability to obtain adequate and timely rate relief to allow for, among other things, the recovery of fuel costs, operating costs, transmission costs, deferred expenditures, capital expenditures, and remaining costs related to EGUs that may be permanently closed, earning their authorized rates of return, and the payments to their parent of expected levels of dividends;
- the ability to continue cost controls and operational efficiencies;
- the impact of IPL’s proposed retail electric base rate freeze in Iowa during 2014 through 2016;
- the impact of WPL’s retail electric and gas base rate freeze in Wisconsin during 2015 and 2016;
- weather effects on results of utility operations, including impacts of temperature changes in IPL’s and WPL’s service territories on customers’ demand for electricity and gas;
- the impact of the economy in IPL’s and WPL’s service territories and the resulting impacts on sales volumes, margins and the ability to collect unpaid bills;
- the impact of energy efficiency, franchise retention and customer-owned generation on sales volumes and margins;
- developments that adversely impact Alliant Energy’s, IPL’s and WPL’s ability to implement their strategic plan, including unanticipated issues with new emission controls equipment for various coal-fired EGUs of IPL and WPL,
- IPL’s construction of its natural gas-fired EGU in Iowa, WPL’s potential generation investment, Resources’ selling price of the electricity output from its Franklin County wind project, the potential decommissioning of certain EGUs of IPL and WPL, and the proposed sales of IPL’s electric and gas distribution assets in Minnesota;
- issues related to the availability of EGUs and the supply and delivery of fuel and purchased electricity and the price thereof, including the ability to recover and to retain the recovery of purchased power, fuel and fuel-related costs through rates in a timely manner;
- the impact that price changes may have on IPL’s and WPL’s customers’ demand for utility services and their ability to pay their bills;
- the impact of distributed generation, including alternative electric suppliers, in IPL’s and WPL’s service territories on system reliability, operating expenses and customers’ demand for electricity;
- issues associated with environmental remediation and environmental compliance, including compliance with the Consent Decree between WPL, the Sierra Club and the EPA, future changes in environmental laws and regulations, and litigation associated with environmental requirements;
- the ability to defend against environmental claims brought by state and federal agencies, such as the EPA, or third parties, such as the Sierra Club, and the impact on operating expenses of defending and resolving such claims;
- the ability to recover through rates all environmental compliance and remediation costs, including costs for projects put on hold due to uncertainty of future environmental laws and regulations;
- impacts that storms or natural disasters in IPL’s and WPL’s service territories may have on their operations and recovery of, and rate relief for, costs associated with restoration activities;





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the direct or indirect effects resulting from terrorist incidents, including physical attacks and cyber attacks, or responses to such incidents;

the impact of penalties or third-party claims related to, or in connection with, a failure to maintain the security of personally identifiable information, including associated costs to notify affected persons and to mitigate their information security concerns;

impacts of future tax benefits from deductions for repairs expenditures and allocation of mixed service costs and temporary differences from historical tax benefits from such deductions that are included in rates when the differences reverse in future periods;

- any material post-closing adjustments related to any past asset divestitures, including the sale of RMT, which could result from, among other things, warranties, parental guarantees or litigation;

continued access to the capital markets on competitive terms and rates, and the actions of credit rating agencies;

- inflation and interest rates;

changes to the creditworthiness of counterparties with which Alliant Energy, IPL and WPL have contractual arrangements, including participants in the energy markets and fuel suppliers and transporters;

issues related to electric transmission, including operating in RTO energy and ancillary services markets, the impacts of potential future billing adjustments and cost allocation changes from RTOs and recovery of costs incurred;

unplanned outages, transmission constraints or operational issues impacting fossil or renewable EGUs and risks related to recovery of resulting incremental costs through rates;

current or future litigation, regulatory investigations, proceedings or inquiries;

Alliant Energy's ability to sustain its dividend payout ratio goal;

employee workforce factors, including changes in key executives, collective bargaining agreements and negotiations, work stoppages or restructurings;

access to technological developments;

material changes in retirement and benefit plan costs;

the impact of performance-based compensation plans accruals;

the effect of accounting pronouncements issued periodically by standard-setting bodies, including a new revenue recognition standard;

the impact of changes to production tax credits for wind projects;

the impact of adjustments made to deferred tax assets and liabilities from state apportionment assumptions;

the ability to utilize tax credits and net operating losses generated to date, and those that may be generated in the future, before they expire;

the ability to successfully complete tax audits, changes in tax accounting methods, including changes required by new tangible property regulations, and appeals with no material impact on earnings and cash flows; and

factors listed in MDA and Risk Factors in Item 1A in the 2013 Form 10-K.

Alliant Energy, IPL and WPL each assume no obligation, and disclaim any duty, to update the forward-looking statements in this report, except as required by law.

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## PART I. FINANCIAL INFORMATION

## ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

## ALLIANT ENERGY CORPORATION

## CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

|   | For the Three Months                    |         | For the Six Months |           |
|---|---|---------|--------------------|-----------|
|   | Ended June 30,                          |         | Ended June 30,     |           |
|   | 2014                                    | 2013    | 2014               | 2013      |
|   | (in millions, except per share amounts) |         |                    |           |
| Operating revenues:   |   |         |                    |           |
| Utility:  |   |         |                    |           |
| Electric  | \$643.9                                 | \$612.1 | \$1,319.7          | \$1,245.3 |
| Gas   | 76.9                                    | 73.4    | 317.6              | 270.7     |
| Other   | 15.6                                    | 17.8    | 38.4               | 35.0      |
| Non-regulated   | 13.9                                    | 14.7    | 27.4               | 26.6      |
| Total operating revenues  | 750.3                                   | 718.0   | 1,703.1            | 1,577.6   |
| Operating expenses:   |   |         |                    |           |
| Utility:  |   |         |                    |           |
| Electric production fuel and energy purchases   | 214.1                                   | 158.0   | 428.0              | 337.1     |
| Purchased electric capacity   | —                                       | 52.0    | 24.8               | 109.0     |
| Electric transmission service   | 105.5                                   | 99.6    | 219.6              | 203.3     |
| Cost of gas sold  | 45.0                                    | 38.9    | 206.9              | 166.9     |
| Other operation and maintenance   | 160.7                                   | 147.2   | 321.7              | 297.4     |
| Non-regulated operation and maintenance   | 1.8                                     | 3.1     | 3.1                | 5.3       |
| Depreciation and amortization   | 95.8                                    | 92.7    | 191.3              | 185.3     |
| Taxes other than income taxes   | 24.1                                    | 23.3    | 50.2               | 49.4      |
| Total operating expenses  | 647.0                                   | 614.8   | 1,445.6            | 1,353.7   |
| Operating income  | 103.3                                   | 103.2   | 257.5              | 223.9     |
| Interest expense and other:   |   |         |                    |           |
| Interest expense  | 45.1                                    | 42.5    | 90.3               | 85.1      |
| Equity income from unconsolidated investments, net  | (11.3 )                                 | (10.9 ) | (22.7 )            | (21.6 )   |
| Allowance for funds used during construction  | (8.4 )                                  | (7.0 )  | (17.5 )            | (12.6 )   |
| Interest income and other   | 0.1                                     | (0.3 )  | (1.6 )             | (1.1 )    |
| Total interest expense and other  | 25.5                                    | 24.3    | 48.5               | 49.8      |
| Income from continuing operations before income taxes   | 77.8                                    | 78.9    | 209.0              | 174.1     |
| Income taxes  | 13.2                                    | 10.5    | 33.8               | 22.6      |
| Income from continuing operations, net of tax   | 64.6                                    | 68.4    | 175.2              | 151.5     |
| Loss from discontinued operations, net of tax   | (0.3 )                                  | (0.6 )  | (0.3 )             | (3.6 )    |
| Net income  | 64.3                                    | 67.8    | 174.9              | 147.9     |
| Preferred dividend requirements of subsidiaries   | 2.5                                     | 2.5     | 5.1                | 12.7      |
| Net income attributable to Alliant Energy common shareowners  | \$61.8                                  | \$65.3  | \$169.8            | \$135.2   |
| Weighted average number of common shares outstanding (basic and diluted)  | 110.8                                   | 110.8   | 110.8              | 110.8     |
| Earnings per weighted average common share attributable to Alliant Energy common shareowners (basic and diluted): |   |         |                    |           |
| Income from continuing operations, net of tax   | \$0.56                                  | \$0.59  | \$1.53             | \$1.25    |
| Loss from discontinued operations, net of tax   | —                                       | —       | —                  | (0.03 )   |
| Net income  | \$0.56                                  | \$0.59  | \$1.53             | \$1.22    |
| Amounts attributable to Alliant Energy common shareowners:  |   |         |                    |           |

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|  |        |        |         |         |
|--|--------|--------|---------|---------|
| Income from continuing operations, net of tax                | \$62.1 | \$65.9 | \$170.1 | \$138.8 |
| Loss from discontinued operations, net of tax                | (0.3 ) | (0.6 ) | (0.3 )  | (3.6 )  |
| Net income attributable to Alliant Energy common shareowners | \$61.8 | \$65.3 | \$169.8 | \$135.2 |
| Dividends declared per common share                          | \$0.51 | \$0.47 | \$1.02  | \$0.94  |

The accompanying Combined Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

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CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

|  | June 30,<br>2014 | December 31,<br>2013 |
|--|------------------|----------------------|
|  | (in millions)    |                      |
| <b>ASSETS</b>  |                  |                      |
| Property, plant and equipment:   |                  |                      |
| Utility:   |                  |                      |
| Electric plant   | \$9,803.9        | \$9,415.7            |
| Gas plant  | 926.8            | 909.9                |
| Other plant  | 551.0            | 547.9                |
| Accumulated depreciation   | (3,838.8)        | (3,726.2)            |
| Net plant  | 7,442.9          | 7,147.3              |
| Construction work in progress:   |                  |                      |
| Ottumwa Generating Station Unit 1 emission controls (IPL)                        | 160.3            | 135.1                |
| Other  | 452.9            | 542.8                |
| Other, less accumulated depreciation   | 21.9             | 22.3                 |
| Total utility  | 8,078.0          | 7,847.5              |
| Non-regulated and other:   |                  |                      |
| Non-regulated Generation, less accumulated depreciation                          | 244.9            | 249.4                |
| Alliant Energy Corporate Services, Inc. and other, less accumulated depreciation | 243.3            | 229.6                |
| Total non-regulated and other  | 488.2            | 479.0                |
| Total property, plant and equipment  | 8,566.2          | 8,326.5              |
| Current assets:  |                  |                      |
| Cash and cash equivalents  | 16.2             | 9.8                  |
| Accounts receivable, less allowance for doubtful accounts:                       |                  |                      |
| Customer   | 85.9             | 81.8                 |
| Unbilled utility revenues  | 77.5             | 92.3                 |
| Other  | 318.6            | 299.2                |
| Production fuel, at weighted average cost  | 74.6             | 103.6                |
| Materials and supplies, at weighted average cost                                 | 75.5             | 69.6                 |
| Gas stored underground, at weighted average cost                                 | 22.7             | 38.6                 |
| Regulatory assets  | 49.4             | 53.9                 |
| Other  | 289.7            | 262.4                |
| Total current assets   | 1,010.1          | 1,011.2              |
| Investments:   |                  |                      |
| Investment in American Transmission Company LLC                                  | 281.6            | 272.1                |
| Other  | 57.0             | 57.5                 |
| Total investments  | 338.6            | 329.6                |
| Other assets:  |                  |                      |
| Regulatory assets  | 1,403.8          | 1,359.3              |
| Deferred charges and other   | 67.9             | 85.8                 |
| Total other assets   | 1,471.7          | 1,445.1              |
| Total assets   | \$11,386.6       | \$11,112.4           |

The accompanying Combined Notes to Condensed Consolidated Financial Statements are an integral part of these statements.



Table of ContentsALLIANT ENERGY CORPORATION  
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED) (Continued)

|  | June 30,<br>2014                                     | December 31,<br>2013 |
|--|--|----------------------|
|  | (in millions, except per<br>share and share amounts) |                      |
| <b>CAPITALIZATION AND LIABILITIES</b>  |  |                      |
| Capitalization:  |  |                      |
| Alliant Energy Corporation common equity:  |  |                      |
| Common stock - \$0.01 par value - 240,000,000 shares authorized; 110,935,680 and 110,943,669 shares outstanding                | \$1.1  | \$1.1                |
| Additional paid-in capital   | 1,507.3  | 1,507.8              |
| Retained earnings  | 1,837.6  | 1,780.7              |
| Accumulated other comprehensive loss   | (0.2   | ) (0.2               |
| Shares in deferred compensation trust - 229,489 and 227,469 shares at a weighted average cost of \$36.44 and \$35.25 per share | (8.4   | ) (8.0               |
| Total Alliant Energy Corporation common equity   | 3,337.4  | 3,281.4              |
| Cumulative preferred stock of Interstate Power and Light Company   | 200.0  | 200.0                |
| Noncontrolling interest  | 1.7  | 1.8                  |
| Total equity   | 3,539.1  | 3,483.2              |
| Long-term debt, net (excluding current portion)  | 2,829.9  | 2,977.8              |
| Total capitalization   | 6,369.0  | 6,461.0              |
| Current liabilities:   |  |                      |
| Current maturities of long-term debt   | 509.0  | 358.5                |
| Commercial paper   | 307.9  | 279.4                |
| Accounts payable   | 475.6  | 365.0                |
| Regulatory liabilities   | 224.8  | 196.6                |
| Other  | 215.9  | 233.8                |
| Total current liabilities  | 1,733.2  | 1,433.3              |
| Other long-term liabilities and deferred credits:  |  |                      |
| Deferred income tax liabilities  | 2,189.9  | 2,112.7              |
| Regulatory liabilities   | 638.7  | 624.9                |
| Pension and other benefit obligations  | 202.1  | 206.6                |
| Other  | 253.7  | 273.9                |
| Total long-term liabilities and deferred credits   | 3,284.4  | 3,218.1              |
| Commitments and contingencies ( <a href="#">Note 14</a> )  |  |                      |
| Total capitalization and liabilities   | \$11,386.6   | \$11,112.4           |

The accompanying Combined Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

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ALLIANT ENERGY CORPORATION  
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

|  | For the Six Months<br>Ended June 30, |          |
|--|--------------------------------------|----------|
|  | 2014                                 | 2013     |
|  | (in millions)                        |          |
| Cash flows from operating activities:  |                                      |          |
| Net income   | \$174.9                              | \$147.9  |
| Adjustments to reconcile net income to net cash flows from operating activities: |                                      |          |
| Depreciation and amortization  | 191.3                                | 185.3    |
| Other amortizations  | 28.9                                 | 19.3     |
| Deferred taxes and investment tax credits  | 37.3                                 | 40.8     |
| Equity income from unconsolidated investments, net                               | (22.7 )                              | (21.6 )  |
| Distributions from equity method investments                                     | 18.3                                 | 17.4     |
| Other  | (12.8 )                              | (9.6 )   |
| Other changes in assets and liabilities:   |                                      |          |
| Accounts receivable  | 47.6                                 | (16.4 )  |
| Sales of accounts receivable   | (19.0 )                              | 5.0      |
| Derivative assets  | (92.3 )                              | (34.3 )  |
| Regulatory assets  | (71.6 )                              | (19.7 )  |
| Accounts payable   | 35.8                                 | 53.3     |
| Regulatory liabilities   | 45.2                                 | (15.1 )  |
| Deferred income taxes  | 51.5                                 | 43.4     |
| Other  | 35.8                                 | 27.6     |
| Net cash flows from operating activities   | 448.2                                | 423.3    |
| Cash flows used for investing activities:  |                                      |          |
| Construction and acquisition expenditures:                                       |                                      |          |
| Utility business   | (332.6 )                             | (341.5 ) |
| Alliant Energy Corporate Services, Inc. and non-regulated businesses             | (31.9 )                              | (27.5 )  |
| Proceeds from Franklin County wind project cash grant                            | —                                    | 62.4     |
| Other  | (4.5 )                               | (15.6 )  |
| Net cash flows used for investing activities                                     | (369.0 )                             | (322.2 ) |
| Cash flows used for financing activities:  |                                      |          |
| Common stock dividends   | (112.9 )                             | (104.2 ) |
| Preferred dividends paid by subsidiaries   | (5.1 )                               | (6.3 )   |
| Payments to redeem cumulative preferred stock of IPL and WPL                     | —                                    | (211.0 ) |
| Proceeds from issuance of cumulative preferred stock of IPL                      | —                                    | 200.0    |
| Net change in commercial paper   | 28.5                                 | 10.6     |
| Other  | 16.7                                 | 0.1      |
| Net cash flows used for financing activities                                     | (72.8 )                              | (110.8 ) |
| Net increase (decrease) in cash and cash equivalents                             | 6.4                                  | (9.7 )   |
| Cash and cash equivalents at beginning of period                                 | 9.8                                  | 21.2     |
| Cash and cash equivalents at end of period                                       | \$16.2                               | \$11.5   |
| Supplemental cash flows information:   |                                      |          |
| Cash paid (refunded) during the period for:                                      |                                      |          |
| Interest, net of capitalized interest  | \$90.5                               | \$86.7   |
| Income taxes, net of refunds   | (\$3.8 )                             | (\$9.7 ) |
| Significant non-cash investing and financing activities:                         |                                      |          |



|                              |         |        |
|------------------------------|---------|--------|
| Accrued capital expenditures | \$124.9 | \$94.1 |
|------------------------------|---------|--------|

The accompanying Combined Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

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## INTERSTATE POWER AND LIGHT COMPANY

## CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

|   | For the Three Months |         | For the Six Months |          |
|---|----------------------|---------|--------------------|----------|
|   | Ended June 30,       |         | Ended June 30,     |          |
|   | 2014                 | 2013    | 2014               | 2013     |
|   | (in millions)        |         |                    |          |
| Operating revenues:                           |                      |         |                    |          |
| Electric utility                              | \$354.6              | \$329.6 | \$728.8            | \$679.8  |
| Gas utility                                   | 43.7                 | 42.0    | 179.4              | 156.3    |
| Steam and other                               | 13.6                 | 11.8    | 32.6               | 25.2     |
| Total operating revenues                      | 411.9                | 383.4   | 940.8              | 861.3    |
| Operating expenses:                           |                      |         |                    |          |
| Electric production fuel and energy purchases | 122.9                | 74.9    | 238.1              | 171.6    |
| Purchased electric capacity                   | —                    | 36.2    | 24.8               | 77.6     |
| Electric transmission service                 | 75.4                 | 71.4    | 159.0              | 146.0    |
| Cost of gas sold                              | 25.7                 | 21.8    | 113.8              | 93.9     |
| Other operation and maintenance               | 92.1                 | 83.2    | 189.3              | 173.7    |
| Depreciation and amortization                 | 48.9                 | 47.6    | 97.6               | 95.2     |
| Taxes other than income taxes                 | 12.9                 | 13.6    | 26.7               | 27.5     |
| Total operating expenses                      | 377.9                | 348.7   | 849.3              | 785.5    |
| Operating income                              | 34.0                 | 34.7    | 91.5               | 75.8     |
| Interest expense and other:                   |                      |         |                    |          |
| Interest expense                              | 22.6                 | 19.7    | 45.1               | 39.3     |
| Allowance for funds used during construction  | (6.0)                | ) (4.7) | ) (12.0)           | ) (8.5)  |
| Interest income and other                     | (0.1)                | ) (0.1) | ) (0.1)            | ) (0.2)  |
| Total interest expense and other              | 16.5                 | 14.9    | 33.0               | 30.6     |
| Income before income taxes                    | 17.5                 | 19.8    | 58.5               | 45.2     |
| Income tax benefit                            | (3.4)                | ) (4.9) | ) (8.4)            | ) (11.0) |
| Net income                                    | 20.9                 | 24.7    | 66.9               | 56.2     |
| Preferred dividend requirements               | 2.5                  | 2.5     | 5.1                | 11.1     |
| Earnings available for common stock           | \$18.4               | \$22.2  | \$61.8             | \$45.1   |

Earnings per share data is not disclosed given Alliant Energy Corporation is the sole shareowner of all shares of IPL's common stock outstanding during the periods presented.

The accompanying Combined Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

Table of ContentsINTERSTATE POWER AND LIGHT COMPANY  
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

|   | June 30,<br>2014 | December 31,<br>2013 |
|---|------------------|----------------------|
|   | (in millions)    |                      |
| <b>ASSETS</b>   |                  |                      |
| Property, plant and equipment:                            |                  |                      |
| Electric plant  | \$5,200.1        | \$5,034.9            |
| Gas plant   | 467.2            | 456.8                |
| Steam and other plant                                     | 305.3            | 302.8                |
| Accumulated depreciation                                  | (2,087.5         | ) (2,025.3 )         |
| Net plant   | 3,885.1          | 3,769.2              |
| Construction work in progress:                            |                  |                      |
| Ottumwa Generating Station Unit 1 emission controls       | 160.3            | 135.1                |
| Other   | 212.6            | 211.3                |
| Other, less accumulated depreciation                      | 21.3             | 21.2                 |
| Total property, plant and equipment                       | 4,279.3          | 4,136.8              |
| Current assets:   |                  |                      |
| Cash and cash equivalents                                 | 5.4              | 4.4                  |
| Accounts receivable, less allowance for doubtful accounts | 242.8            | 246.9                |
| Production fuel, at weighted average cost                 | 53.0             | 75.6                 |
| Materials and supplies, at weighted average cost          | 43.1             | 39.4                 |
| Gas stored underground, at weighted average cost          | 11.4             | 18.9                 |
| Regulatory assets   | 22.8             | 28.5                 |
| Other   | 168.1            | 122.2                |
| Total current assets                                      | 546.6            | 535.9                |
| Investments   | 18.9             | 18.6                 |
| Other assets:   |                  |                      |
| Regulatory assets   | 1,129.8          | 1,085.0              |
| Deferred charges and other                                | 26.3             | 29.7                 |
| Total other assets  | 1,156.1          | 1,114.7              |
| Total assets  | \$6,000.9        | \$5,806.0            |

The accompanying Combined Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

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INTERSTATE POWER AND LIGHT COMPANY  
 CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED) (Continued)

|   | June 30,<br>2014                                     | December 31,<br>2013 |
|---|--|----------------------|
|   | (in millions, except per<br>share and share amounts) |                      |
| <b>CAPITALIZATION AND LIABILITIES</b>   |  |                      |
| Capitalization:   |  |                      |
| Interstate Power and Light Company common equity:   |  |                      |
| Common stock - \$2.50 par value - 24,000,000 shares authorized; 13,370,788 shares outstanding | \$33.4   | \$33.4               |
| Additional paid-in capital  | 1,212.8  | 1,152.8              |
| Retained earnings   | 485.3  | 493.5                |
| Total Interstate Power and Light Company common equity  | 1,731.5  | 1,679.7              |
| Cumulative preferred stock  | 200.0  | 200.0                |
| Total equity  | 1,931.5  | 1,879.7              |
| Long-term debt, net (excluding current portion)   | 1,370.3  | 1,520.0              |
| Total capitalization  | 3,301.8  | 3,399.7              |
| Current liabilities:  |  |                      |
| Current maturities of long-term debt  | 188.4  | 38.4                 |
| Accounts payable  | 262.9  | 187.1                |
| Accounts payable to associated companies  | 48.0   | 29.1                 |
| Regulatory liabilities  | 152.5  | 143.8                |
| Other   | 119.9  | 125.9                |
| Total current liabilities   | 771.7  | 524.3                |
| Other long-term liabilities and deferred credits:   |  |                      |
| Deferred income tax liabilities   | 1,250.0  | 1,193.0              |
| Regulatory liabilities  | 456.1  | 471.1                |
| Pension and other benefit obligations   | 47.0   | 48.6                 |
| Other   | 174.3  | 169.3                |
| Total other long-term liabilities and deferred credits  | 1,927.4  | 1,882.0              |
| Commitments and contingencies ( <u>Note 14</u> )  |  |                      |
| Total capitalization and liabilities  | \$6,000.9  | \$5,806.0            |

The accompanying Combined Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

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INTERSTATE POWER AND LIGHT COMPANY  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

|  | For the Six Months<br>Ended June 30, |         |
|--|--------------------------------------|---------|
|  | 2014                                 | 2013    |
|  | (in millions)                        |         |
| Cash flows from operating activities:  |                                      |         |
| Net income   | \$66.9                               | \$56.2  |
| Adjustments to reconcile net income to net cash flows from operating activities: |                                      |         |
| Depreciation and amortization  | 97.6                                 | 95.2    |
| Other  | (4.0)                                | (8.7)   |
| Other changes in assets and liabilities:   |                                      |         |
| Accounts receivable  | 48.3                                 | (33.7)  |
| Sales of accounts receivable   | (19.0)                               | 5.0     |
| Production fuel  | 22.6                                 | 4.1     |
| Derivative assets  | (51.9)                               | (27.6)  |
| Regulatory assets  | (48.5)                               | (13.2)  |
| Accounts payable   | 23.4                                 | 51.3    |
| Regulatory liabilities   | (2.7)                                | (27.1)  |
| Deferred income taxes  | 54.7                                 | 43.1    |
| Other  | 18.7                                 | 29.1    |
| Net cash flows from operating activities   | 206.1                                | 173.7   |
| Cash flows used for investing activities:  |                                      |         |
| Utility construction and acquisition expenditures                                | (184.9)                              | (180.0) |
| Other  | (11.5)                               | (9.8)   |
| Net cash flows used for investing activities                                     | (196.4)                              | (189.8) |
| Cash flows from (used for) financing activities:                                 |                                      |         |
| Common stock dividends   | (70.0)                               | (63.5)  |
| Preferred stock dividends  | (5.1)                                | (5.7)   |
| Capital contributions from parent  | 60.0                                 | 60.0    |
| Payments to redeem cumulative preferred stock                                    | —                                    | (150.0) |
| Proceeds from issuance of cumulative preferred stock                             | —                                    | 200.0   |
| Net change in commercial paper   | —                                    | (21.3)  |
| Other  | 6.4                                  | (2.8)   |
| Net cash flows from (used for) financing activities                              | (8.7)                                | 16.7    |
| Net increase in cash and cash equivalents  | 1.0                                  | 0.6     |
| Cash and cash equivalents at beginning of period                                 | 4.4                                  | 4.5     |
| Cash and cash equivalents at end of period                                       | \$5.4                                | \$5.1   |
| Supplemental cash flows information:   |                                      |         |
| Cash paid (refunded) during the period for:                                      |                                      |         |
| Interest   | \$45.2                               | \$41.5  |
| Income taxes, net of refunds   | (\$9.0)                              | \$2.2   |
| Significant non-cash investing and financing activities:                         |                                      |         |
| Accrued capital expenditures   | \$76.1                               | \$56.2  |

The accompanying Combined Notes to Condensed Consolidated Financial Statements are an integral part of these statements.



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## WISCONSIN POWER AND LIGHT COMPANY

## CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

|   | For the Three Months |         | For the Six Months |         |
|---|----------------------|---------|--------------------|---------|
|   | Ended June 30,       |         | Ended June 30,     |         |
|   | 2014                 | 2013    | 2014               | 2013    |
|   | (in millions)        |         |                    |         |
| Operating revenues:                           |                      |         |                    |         |
| Electric utility                              | \$289.3              | \$282.5 | \$590.9            | \$565.5 |
| Gas utility                                   | 33.2                 | 31.4    | 138.2              | 114.4   |
| Other   | 2.0                  | 6.0     | 5.8                | 9.8     |
| Total operating revenues                      | 324.5                | 319.9   | 734.9              | 689.7   |
| Operating expenses:                           |                      |         |                    |         |
| Electric production fuel and energy purchases | 91.2                 | 83.1    | 189.9              | 165.5   |
| Purchased electric capacity                   | —                    | 15.8    | —                  | 31.4    |
| Electric transmission service                 | 30.1                 | 28.2    | 60.6               | 57.3    |
| Cost of gas sold                              | 19.3                 | 17.1    | 93.1               | 73.0    |
| Other operation and maintenance               | 68.6                 | 64.0    | 132.4              | 123.7   |
| Depreciation and amortization                 | 44.7                 | 43.2    | 89.4               | 86.3    |
| Taxes other than income taxes                 | 10.6                 | 8.8     | 21.8               | 20.1    |
| Total operating expenses                      | 264.5                | 260.2   | 587.2              | 557.3   |
| Operating income                              | 60.0                 | 59.7    | 147.7              | 132.4   |
| Interest expense and other:                   |                      |         |                    |         |
| Interest expense                              | 21.1                 | 21.3    | 42.2               | 42.6    |
| Equity income from unconsolidated investments | (11.4)               | (10.8)  | (22.8)             | (21.6)  |
| Allowance for funds used during construction  | (2.4)                | (2.3)   | (5.5)              | (4.1)   |
| Interest income and other                     | 0.3                  | 0.1     | 0.3                | —       |
| Total interest expense and other              | 7.6                  | 8.3     | 14.2               | 16.9    |
| Income before income taxes                    | 52.4                 | 51.4    | 133.5              | 115.5   |
| Income taxes                                  | 17.8                 | 17.0    | 44.1               | 37.5    |
| Net income                                    | 34.6                 | 34.4    | 89.4               | 78.0    |
| Preferred dividend requirements               | —                    | —       | —                  | 1.6     |
| Earnings available for common stock           | \$34.6               | \$34.4  | \$89.4             | \$76.4  |

Earnings per share data is not disclosed given Alliant Energy Corporation is the sole shareowner of all shares of WPL's common stock outstanding during the periods presented.

The accompanying Combined Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

Table of ContentsWISCONSIN POWER AND LIGHT COMPANY  
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

|   | June 30,<br>2014 | December 31,<br>2013 |
|---|------------------|----------------------|
|   | (in millions)    |                      |
| <b>ASSETS</b>   |                  |                      |
| Property, plant and equipment:  |                  |                      |
| Electric plant  | \$4,603.8        | \$4,380.8            |
| Gas plant   | 459.6            | 453.1                |
| Other plant   | 245.7            | 245.1                |
| Accumulated depreciation  | (1,751.3)        | (1,700.9)            |
| Net plant   | 3,557.8          | 3,378.1              |
| Leased Sheboygan Falls Energy Facility, less accumulated amortization | 67.8             | 70.9                 |
| Construction work in progress   | 240.3            | 331.5                |
| Other, less accumulated depreciation                                  | 0.6              | 1.1                  |
| Total property, plant and equipment                                   | 3,866.5          | 3,781.6              |
| Current assets:   |                  |                      |
| Cash and cash equivalents   | 6.4              | 0.5                  |
| Accounts receivable, less allowance for doubtful accounts:            |                  |                      |
| Customer  | 77.4             | 73.0                 |
| Unbilled utility revenues   | 77.5             | 92.3                 |
| Other   | 41.4             | 33.1                 |
| Production fuel, at weighted average cost                             | 21.6             | 28.0                 |
| Materials and supplies, at weighted average cost                      | 30.1             | 28.9                 |
| Gas stored underground, at weighted average cost                      | 11.3             | 19.7                 |
| Regulatory assets   | 26.6             | 25.4                 |
| Other   | 109.6            | 101.7                |
| Total current assets  | 401.9            | 402.6                |
| Investments:  |                  |                      |
| Investment in American Transmission Company LLC                       | 281.6            | 272.1                |
| Other   | 18.4             | 19.5                 |
| Total investments   | 300.0            | 291.6                |
| Other assets:   |                  |                      |
| Regulatory assets   | 274.0            | 274.3                |
| Deferred charges and other  | 42.6             | 54.3                 |
| Total other assets  | 316.6            | 328.6                |
| Total assets  | \$4,885.0        | \$4,804.4            |

The accompanying Combined Notes to Condensed Consolidated Financial Statements are an integral part of these statements.



Table of ContentsWISCONSIN POWER AND LIGHT COMPANY  
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED) (Continued)

|   | June 30,<br>2014                                     | December 31,<br>2013 |
|---|--|----------------------|
|   | (in millions, except per<br>share and share amounts) |                      |
| <b>CAPITALIZATION AND LIABILITIES</b>   |  |                      |
| Capitalization:   |  |                      |
| Wisconsin Power and Light Company common equity:  |  |                      |
| Common stock - \$5 par value - 18,000,000 shares authorized; 13,236,601 shares<br>outstanding | \$66.2   | \$66.2               |
| Additional paid-in capital  | 959.0  | 959.0                |
| Retained earnings   | 647.2  | 617.2                |
| Total Wisconsin Power and Light Company common equity   | 1,672.4  | 1,642.4              |
| Noncontrolling interest   | 5.2  | —                    |
| Total equity  | 1,677.6  | 1,642.4              |
| Long-term debt, net (excluding current portion)   | 1,323.8  | 1,323.6              |
| Total capitalization  | 3,001.4  | 2,966.0              |
| Current liabilities:  |  |                      |
| Current maturities of long-term debt  | 8.5  | 8.5                  |
| Commercial paper  | 158.0  | 183.7                |
| Accounts payable  | 152.1  | 120.0                |
| Accounts payable to associated companies  | 21.5   | 26.0                 |
| Regulatory liabilities  | 72.3   | 52.8                 |
| Other   | 60.0   | 60.5                 |
| Total current liabilities   | 472.4  | 451.5                |
| Other long-term liabilities and deferred credits:   |  |                      |
| Deferred income tax liabilities   | 918.2  | 897.1                |
| Regulatory liabilities  | 182.6  | 153.8                |
| Capital lease obligations - Sheboygan Falls Energy Facility                                   | 92.0   | 94.5                 |
| Pension and other benefit obligations   | 85.2   | 88.4                 |
| Other   | 133.2  | 153.1                |
| Total long-term liabilities and deferred credits  | 1,411.2  | 1,386.9              |
| Commitments and contingencies ( <u>Note 14</u> )  |  |                      |
| Total capitalization and liabilities  | \$4,885.0  | \$4,804.4            |

The accompanying Combined Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

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WISCONSIN POWER AND LIGHT COMPANY  
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

|  | For the Six Months<br>Ended June 30, |         |
|--|--------------------------------------|---------|
|  | 2014                                 | 2013    |
|  | (in millions)                        |         |
| Cash flows from operating activities:  |                                      |         |
| Net income   | \$89.4                               | \$78.0  |
| Adjustments to reconcile net income to net cash flows from operating activities: |                                      |         |
| Depreciation and amortization  | 89.4                                 | 86.3    |
| Other amortizations  | 24.9                                 | 14.4    |
| Deferred taxes and investment tax credits  | 37.1                                 | 39.1    |
| Equity income from unconsolidated investments                                    | (22.8)                               | (21.6)  |
| Distributions from equity method investments                                     | 18.3                                 | 17.4    |
| Other  | (3.6)                                | (3.6)   |
| Other changes in assets and liabilities:   |                                      |         |
| Accounts receivable  | 14.1                                 | 19.7    |
| Derivative assets  | (40.4)                               | (6.7)   |
| Regulatory assets  | (23.1)                               | (6.5)   |
| Regulatory liabilities   | 47.9                                 | 12.0    |
| Other  | 4.3                                  | (3.3)   |
| Net cash flows from operating activities   | 235.5                                | 225.2   |
| Cash flows used for investing activities:  |                                      |         |
| Utility construction and acquisition expenditures                                | (147.7)                              | (161.5) |
| Other  | (3.4)                                | (2.8)   |
| Net cash flows used for investing activities                                     | (151.1)                              | (164.3) |
| Cash flows used for financing activities:  |                                      |         |
| Common stock dividends   | (59.4)                               | (58.2)  |
| Payments to redeem cumulative preferred stock                                    | —                                    | (61.0)  |
| Net change in commercial paper   | (25.7)                               | 62.3    |
| Other  | 6.6                                  | (2.2)   |
| Net cash flows used for financing activities                                     | (78.5)                               | (59.1)  |
| Net increase in cash and cash equivalents  | 5.9                                  | 1.8     |
| Cash and cash equivalents at beginning of period                                 | 0.5                                  | 0.7     |
| Cash and cash equivalents at end of period                                       | \$6.4                                | \$2.5   |
| Supplemental cash flows information:   |                                      |         |
| Cash paid during the period for:   |                                      |         |
| Interest   | \$42.2                               | \$42.5  |
| Income taxes, net of refunds   | \$9.4                                | \$8.5   |
| Significant non-cash investing and financing activities:                         |                                      |         |
| Accrued capital expenditures   | \$46.7                               | \$36.8  |

The accompanying Combined Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

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ALLIANT ENERGY CORPORATION  
 INTERSTATE POWER AND LIGHT COMPANY  
 WISCONSIN POWER AND LIGHT COMPANY

## COMBINED NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

## (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) General - The interim unaudited Financial Statements included herein have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, certain information and note disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted, although management believes that the disclosures are adequate to make the information presented not misleading. These Financial Statements should be read in conjunction with the financial statements and the notes thereto included in the latest combined Annual Report on Form 10-K.

In the opinion of management, all adjustments, which unless otherwise noted are normal and recurring in nature, necessary for a fair presentation of the results of operations, financial position and cash flows have been made. Results for the six months ended June 30, 2014 are not necessarily indicative of results that may be expected for the year ending December 31, 2014. A change in management's estimates or assumptions could have a material impact on financial condition and results of operations during the period in which such change occurred. Certain prior period amounts in the Financial Statements and Notes have been reclassified to conform to the current period presentation for comparative purposes. Unless otherwise noted, the Notes herein exclude discontinued operations for all periods presented.

## (b) New Accounting Pronouncements -

Revenue Recognition - In May 2014, the Financial Accounting Standards Board issued an accounting standard providing principles for recognizing revenue for the transfer of promised goods or services to customers with the consideration to which the entity expects to be entitled in exchange for those goods or services. This standard also requires disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. Alliant Energy, IPL and WPL are required to adopt this standard on January 1, 2017 and are currently evaluating the impact on their financial condition and results of operations.

## (2) REGULATORY MATTERS

## Regulatory Assets and Regulatory Liabilities -

Regulatory assets were comprised of the following items (in millions):

|                             | Alliant Energy   |                      | IPL              |                      | WPL              |                      |
|-----------------------------|------------------|----------------------|------------------|----------------------|------------------|----------------------|
|                             | June 30,<br>2014 | December 31,<br>2013 | June 30,<br>2014 | December 31,<br>2013 | June 30,<br>2014 | December 31,<br>2013 |
| Tax-related                 | \$870.7          | \$829.7              | \$844.1          | \$798.6              | \$26.6           | \$31.1               |
| Pension and OPEB costs      | 348.4            | 355.3                | 171.2            | 174.2                | 177.2            | 181.1                |
| AROs                        | 71.6             | 65.7                 | 40.9             | 36.7                 | 30.7             | 29.0                 |
| Emission allowances         | 28.7             | 30.0                 | 28.7             | 30.0                 | —                | —                    |
| Environmental-related costs | 27.2             | 25.0                 | 22.5             | 21.0                 | 4.7              | 4.0                  |
| Derivatives                 | 12.5             | 21.1                 | 6.1              | 5.9                  | 6.4              | 15.2                 |
| Other                       | 94.1             | 86.4                 | 39.1             | 47.1                 | 55.0             | 39.3                 |
|                             | \$1,453.2        | \$1,413.2            | \$1,152.6        | \$1,113.5            | \$300.6          | \$299.7              |

Regulatory liabilities were comprised of the following items (in millions):

|  | Alliant Energy | IPL | WPL |
|--|----------------|-----|-----|
|--|----------------|-----|-----|

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|   | June 30,<br>2014 | December 31,<br>2013 | June 30,<br>2014 | December 31,<br>2013 | June 30,<br>2014 | December 31,<br>2013 |
|---|------------------|----------------------|------------------|----------------------|------------------|----------------------|
| Cost of removal obligations               | \$422.3          | \$418.9              | \$280.9          | \$277.7              | \$141.4          | \$141.2              |
| IPL's tax benefit riders                  | 243.3            | 265.4                | 243.3            | 265.4                | —                | —                    |
| Energy efficiency cost recovery           | 67.1             | 52.7                 | 13.5             | 9.3                  | 53.6             | 43.4                 |
| Derivatives                               | 48.2             | 7.2                  | 9.7              | 3.6                  | 38.5             | 3.6                  |
| IPL's electric transmission cost recovery | 20.8             | 14.6                 | 20.8             | 14.6                 | —                | —                    |
| IPL's electric transmission assets sale   | 16.1             | 21.6                 | 16.1             | 21.6                 | —                | —                    |
| Other                                     | 45.7             | 41.1                 | 24.3             | 22.7                 | 21.4             | 18.4                 |
|   | \$863.5          | \$821.5              | \$608.6          | \$614.9              | \$254.9          | \$206.6              |

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Tax-related - Alliant Energy's and IPL's tax-related regulatory assets are generally impacted by certain property-related differences at IPL for which deferred tax is not recorded in the income statement pursuant to Iowa rate-making principles. Deferred tax amounts for such property-related differences at IPL are recorded to regulatory assets, along with the necessary revenue requirement tax gross-ups. During the six months ended June 30, 2014, Alliant Energy's and IPL's tax-related regulatory assets increased primarily due to property-related differences for qualifying repair expenditures and a tax accounting method change in the second quarter of 2014 for cost of removal expenditures at IPL. The increase related to the tax accounting method change was offset by increased regulatory liabilities as discussed below in "IPL's tax benefit riders."

Derivatives - Refer to Note 13 for discussion of derivative assets and derivative liabilities.

IPL's tax benefit riders - IPL's tax benefit riders utilize regulatory liabilities to credit bills of IPL's Iowa retail electric and gas customers to help offset the impact of rate increases on such customers. These regulatory liabilities are related to tax benefits from tax accounting method changes for repairs expenditures, allocation of mixed service costs and allocation of insurance proceeds from floods in 2008. For the six months ended June 30, 2014, Alliant Energy and IPL utilized "IPL's tax benefit riders" regulatory liabilities to credit IPL's Iowa retail electric and gas customers' bills as follows (in millions):

|                            |      |
|----------------------------|------|
| Electric tax benefit rider | \$42 |
| Gas tax benefit rider      | 6    |
|                            | \$48 |

In 2013, the U.S. Department of the Treasury issued tangible property regulations clarifying the tax treatment of costs incurred to acquire, maintain or improve tangible property and to retire and remove depreciable property. The regulations clarified the ability to deduct cost of removal expenditures on partial dispositions of assets. In 2014, the Internal Revenue Service issued implementation guidance related to these tangible property regulations, which allowed companies to file a tax method of accounting change to deduct cost of removal expenditures on partial dispositions that were previously capitalized. During the second quarter of 2014, Alliant Energy, IPL and WPL implemented this tax accounting method change, which will result in the inclusion of additional tax deductions on Alliant Energy's U.S. federal income tax return for the calendar year 2014. IPL currently anticipates refunding these tax benefits to its Iowa retail electric and gas customers in the future, and as a result, Alliant Energy and IPL recorded an increase of \$26 million to IPL's tax benefit riders regulatory liabilities in the second quarter of 2014.

Refer to Note 9 for additional details regarding the tax benefit riders.

#### Utility Rate Cases -

WPL's Wisconsin Retail Electric and Gas Rate Case (2015/2016 Test Period) - In July 2014, WPL received an order from the PSCW authorizing WPL to implement its retail base rate filing as requested. The retail base rate filing request was based on a forward-looking test period that included 2015 and 2016. The filing requested authority to maintain customer base rates for WPL's retail electric customers at their current levels through the end of 2016. The filing also requested approval for WPL to implement a \$5 million decrease in annual base rates for WPL's retail gas customers effective January 1, 2015 followed by a freeze of such gas base rates through the end of 2016.

IPL's Iowa Retail Electric Rate Case (2013 Test Year) - In March 2014, after reaching a unanimous agreement with parties to the DAEC PPA proceeding, IPL filed with the IUB a settlement agreement and joint motion for approval of the settlement agreement to extend IPL's Iowa retail electric base rate freeze through 2016 and provide retail electric customer billing credits of \$70 million in 2014 (beginning May 2014), decreasing to \$25 million in 2015 and further decreasing to \$10 million in 2016. During the three and six months ended June 30, 2014, IPL recorded \$20 million of

such billing credits to reduce retail electric customers' bills. IPL currently expects a decision from the IUB regarding the settlement agreement in the third quarter of 2014.

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## IPL's Iowa Retail Electric Rate Case (2009 Test Year) -

Electric Tax Benefit Rider - In 2013, the IUB authorized IPL to reduce the electric tax benefit rider billing credits on customers' bills by \$24 million in 2013 and \$15 million in 2014 to recognize the revenue requirement impact of the changes in tax accounting methods. For the three and six months ended June 30, the revenue requirement adjustment recognized by both Alliant Energy and IPL is included in the table below (in millions). The revenue requirement adjustment resulted in increases to electric revenues in their income statements and was recognized through the energy adjustment clause as a reduction of the credits on IPL's Iowa retail electric customers' bills from the electric tax benefit rider.

|                                | Three Months |      | Six Months |      |
|--------------------------------|--------------|------|------------|------|
|                                | 2014         | 2013 | 2014       | 2013 |
| Revenue requirement adjustment | \$3          | \$5  | \$7        | \$11 |

WPL's Retail Fuel-related Rate Filing (2015 Test Year) - In June 2014, WPL filed a request with the PSCW to increase annual rates for WPL's retail electric customers by \$55 million, or approximately 5%, in 2015. The increase includes \$41 million of anticipated increases in retail electric fuel-related costs in 2015 and \$14 million to recover a portion of the under-collection of fuel-related costs projected for 2014. Any rate changes granted from this request are expected to be effective on January 1, 2015. WPL currently expects a decision from the PSCW regarding this rate filing by the end of 2014.

WPL's Retail Fuel-related Rate Filing (2014 Test Year) - In December 2013, WPL received an order from the PSCW authorizing an annual retail electric rate increase of \$19 million, or approximately 2%, effective January 1, 2014 to reflect anticipated increases in retail fuel-related costs in 2014 compared to the fuel-related cost estimates used to determine rates for 2013. WPL's 2014 fuel-related costs will be subject to deferral if they fall outside an annual bandwidth of plus or minus 2% of the approved annual forecasted fuel-related costs. Retail fuel-related costs incurred by WPL through June 30, 2014 were higher than fuel-related costs used to determine rates for such period resulting in an under-collection of fuel-related costs during the six months ended June 30, 2014. As of June 30, 2014, Alliant Energy and WPL recorded \$17 million in "Regulatory assets" on their balance sheets for fuel-related costs incurred during the six months ended June 30, 2014 that are expected to fall outside the approved bandwidth of plus or minus 2% for 2014. The \$17 million of deferred fuel-related costs is included in "Other" in Alliant Energy's and WPL's regulatory assets tables above.

**(3) PROPERTY, PLANT AND EQUIPMENT**

## Environmental Compliance Plans Emission Controls Projects -

IPL's George Neal Unit 3 - Construction of the scrubber and baghouse at George Neal Unit 3 was completed in May 2014, which resulted in a transfer of the capitalized project costs from "Construction work in progress - Other" to "Electric plant" on Alliant Energy's and IPL's balance sheets in 2014. As of June 30, 2014, the capitalized project costs consisted of capital expenditures of \$58 million and AFUDC of \$4 million for IPL's allocated portion of the George Neal Unit 3 scrubber and baghouse.

WPL's Columbia Units 1 and 2 - Construction of the scrubber and baghouse at Columbia Unit 2 was completed in April 2014, which resulted in a transfer of the capitalized project costs from "Construction work in progress - Other" to "Electric plant" on Alliant Energy's and WPL's balance sheets in 2014. As of June 30, 2014, the capitalized project costs consisted of capital expenditures of \$152 million and AFUDC of \$8 million for WPL's allocated portion of the Columbia Unit 2 scrubber and baghouse and certain expenditures applicable to both Columbia Unit 1 and 2.

Construction of the scrubber and baghouse at Columbia Unit 1 was completed in July 2014. As of June 30, 2014, Alliant Energy and WPL recorded capitalized expenditures of \$116 million and AFUDC of \$7 million for WPL's allocated portion of the Columbia Unit 1 scrubber and baghouse in "Construction work in progress - Other" on their

balance sheets.

(4) RECEIVABLES

(a) Sales of Accounts Receivable - IPL maintains a Receivables Agreement whereby it may sell its customer accounts receivables, unbilled revenues and certain other accounts receivables to a third party through wholly-owned and consolidated special purpose entities. The transfers of receivables meet the criteria for sale accounting established by the transfer of financial assets accounting rules. In March 2014, IPL extended through March 2016 the purchase commitment from the third party to which it sells its receivables. In exchange for the receivables sold, cash proceeds are received from the third party, and deferred proceeds are recorded in accounts receivable on Alliant Energy's and IPL's balance sheets.



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As of June 30, 2014 and December 31, 2013, IPL sold \$209.3 million and \$238.0 million aggregate amounts of receivables, respectively. Maximum and average outstanding cash proceeds, and costs incurred related to the sales of accounts receivable program for the three and six months ended June 30 were as follows (in millions):

|   | Three Months |         | Six Months |         |
|---|--------------|---------|------------|---------|
|   | 2014         | 2013    | 2014       | 2013    |
| Maximum outstanding aggregate cash proceeds (based on daily outstanding balances) | \$75.0       | \$150.0 | \$75.0     | \$170.0 |
| Average outstanding aggregate cash proceeds (based on daily outstanding balances) | 34.2         | 125.6   | 30.9       | 132.4   |
| Costs incurred  | 0.2          | 0.4     | 0.4        | 0.7     |

The attributes of IPL's receivables sold under the Receivables Agreement were as follows (in millions):

|                                       | June 30, 2014 | December 31, 2013 |
|---------------------------------------|---------------|-------------------|
| Customer accounts receivable          | \$136.0       | \$151.6           |
| Unbilled utility revenues             | 73.2          | 86.2              |
| Other receivables                     | 0.1           | 0.2               |
| Receivables sold                      | 209.3         | 238.0             |
| Less: cash proceeds (a)               | 10.0          | 29.0              |
| Deferred proceeds                     | 199.3         | 209.0             |
| Less: allowance for doubtful accounts | 5.6           | 5.5               |
| Fair value of deferred proceeds       | \$193.7       | \$203.5           |
| Outstanding receivables past due      | \$18.8        | \$21.5            |

(a) Changes in cash proceeds are presented in "Sales of accounts receivable" in operating activities in Alliant Energy's and IPL's cash flows statements.

Additional attributes of IPL's receivables sold under the Receivables Agreement for the three and six months ended June 30 were as follows (in millions):

|                                       | Three Months |         | Six Months |         |
|---------------------------------------|--------------|---------|------------|---------|
|                                       | 2014         | 2013    | 2014       | 2013    |
| Collections reinvested in receivables | \$475.8      | \$435.0 | \$1,017.2  | \$926.3 |
| Credit losses, net of recoveries      | 3.9          | 2.0     | 6.4        | 3.9     |

(b) Whiting Petroleum Tax Sharing Agreement - Prior to an IPO of Whiting Petroleum in 2003, Alliant Energy and Whiting Petroleum entered into a tax separation and indemnification agreement pursuant to which Alliant Energy and Whiting Petroleum made certain tax elections. These tax elections had the effect of increasing the tax basis of the assets of Whiting Petroleum's consolidated tax group based on the sales price of Whiting Petroleum's shares in the IPO. The increase in the tax basis of the assets was included in income in Alliant Energy's U.S. federal income tax return for the calendar year 2003. Pursuant to the tax separation and indemnification agreement, Whiting Petroleum paid Resources the final payment of \$26 million in March 2014, which represented the present value of certain future tax benefits expected to be realized by Whiting Petroleum through future tax deductions and resulted in a decrease in "Prepayments and other" on Alliant Energy's balance sheet in 2014. The \$26 million received by Alliant Energy is presented in operating activities in its cash flows statement for the six months ended June 30, 2014.

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## (5) INVESTMENTS

Unconsolidated Equity Investments - Equity (income) loss from unconsolidated investments accounted for under the equity method of accounting for the three and six months ended June 30 was as follows (in millions):

|       | Alliant Energy |           |            |           | WPL          |           |            |           |
|-------|----------------|-----------|------------|-----------|--------------|-----------|------------|-----------|
|       | Three Months   |           | Six Months |           | Three Months |           | Six Months |           |
|       | 2014           | 2013      | 2014       | 2013      | 2014         | 2013      | 2014       | 2013      |
| ATC   | (\$11.1 )      | (\$10.6 ) | (\$22.3 )  | (\$20.9 ) | (\$11.1 )    | (\$10.6 ) | (\$22.3 )  | (\$20.9 ) |
| Other | (0.2 )         | (0.3 )    | (0.4 )     | (0.7 )    | (0.3 )       | (0.2 )    | (0.5 )     | (0.7 )    |
|       | (\$11.3 )      | (\$10.9 ) | (\$22.7 )  | (\$21.6 ) | (\$11.4 )    | (\$10.8 ) | (\$22.8 )  | (\$21.6 ) |

WPL's Noncontrolling Interest - As of December 31, 2013, WPL, through its ownership interest in WPL Transco, held a 16% ownership interest in ATC. In January 2014, WPL Transco's operating agreement was amended to allow ATI, a wholly-owned subsidiary of Resources, to become a member of WPL Transco in addition to WPL. In 2014, ATI began funding capital contributions that WPL Transco makes to ATC, and ATI is expected to continue to do so in the future. As of June 30, 2014, WPL's noncontrolling interest reflects ATI's ownership interest in WPL Transco, which was presented in total equity on WPL's balance sheet.

As a result of ATI funding future capital contributions to ATC, WPL's ownership interest in WPL Transco is expected to decrease over time and ATI's ownership interest in WPL Transco is expected to increase over time. WPL Transco's equity income from ATC and future ATC dividends received by WPL Transco will be allocated between WPL and ATI based on their respective ownership interests at the time the equity income is generated and at the time of the dividend payments. Alliant Energy's aggregate investment in ATC is not expected to change as a result of WPL Transco's amended operating agreement.

## (6) COMMON EQUITY

Common Share Activity - A summary of Alliant Energy's common stock activity was as follows:

|   |             |
|---|-------------|
| Shares outstanding, January 1, 2014                   | 110,943,669 |
| Equity-based compensation plans ( <u>Note 10(b)</u> ) | 35,547      |
| Other   | (43,536 )   |
| Shares outstanding, June 30, 2014                     | 110,935,680 |

Dividend Restrictions - As of June 30, 2014, IPL's amount of retained earnings that were free of dividend restrictions was \$485 million. As of June 30, 2014, WPL's amount of retained earnings that were free of dividend restrictions was \$59 million for the remainder of 2014.

Restricted Net Assets of Subsidiaries - As of June 30, 2014, the amount of net assets of IPL and WPL that were not available to be transferred to their parent company, Alliant Energy, in the form of loans, advances or cash dividends without the consent of IPL's and WPL's regulatory authorities was \$1.2 billion and \$1.6 billion, respectively.

Capital Transactions with Subsidiaries - For the six months ended June 30, 2014, IPL received capital contributions of \$60.0 million from its parent company. For the six months ended June 30, 2014, IPL and WPL each paid common stock dividends of \$70.0 million and \$59.4 million, respectively, to its parent company.

Comprehensive Income - For the three and six months ended June 30, 2014 and 2013, Alliant Energy had no other comprehensive income; therefore, its comprehensive income was equal to its net income and its comprehensive income attributable to Alliant Energy common shareowners was equal to its net income attributable to Alliant Energy common shareowners for such periods. For the three and six months ended June 30, 2014 and 2013, IPL and WPL had no other comprehensive income; therefore, their comprehensive income was equal to their net income and their

comprehensive income available for common stock was equal to their earnings available for common stock for such periods.

(7) REDEEMABLE PREFERRED STOCK

IPL - In March 2013, IPL redeemed all 6,000,000 outstanding shares of its 8.375% cumulative preferred stock for \$150 million plus accrued and unpaid dividends to the redemption date. Alliant Energy and IPL recorded a \$5 million charge during the six months ended June 30, 2013 related to this transaction in "Preferred dividend requirements" in their income statements.

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WPL - In March 2013, WPL redeemed all 1,049,225 outstanding shares of its 4.40% through 6.50% cumulative preferred stock for \$61 million plus accrued and unpaid dividends to the redemption date. Alliant Energy and WPL recorded a \$1 million charge during the six months ended June 30, 2013 related to this transaction in "Preferred dividend requirements" in their income statements.

Refer to Note 12 for information on the fair value of cumulative preferred stock.

## (8) DEBT

(a) Short-term Debt - Information regarding commercial paper classified as short-term debt and back-stopped by the credit facilities was as follows (dollars in millions):

| June 30, 2014   | Alliant Energy<br>(Consolidated) |         | Parent<br>Company |        | IPL     |         | WPL     |  |
|---|----------------------------------|---------|-------------------|--------|---------|---------|---------|--|
| Commercial paper:   |                                  |         |                   |        |         |         |         |  |
| Amount outstanding  | \$307.9                          |         | \$149.9           |        | \$—     |         | \$158.0 |  |
| Weighted average remaining maturity                                 | 1 day                            |         | 1 day             |        | N/A     |         | 1 day   |  |
| Weighted average interest rates                                     | 0.2%                             |         | 0.2%              |        | N/A     |         | 0.1%    |  |
| Available credit facility capacity                                  | \$692.1                          |         | \$150.1           |        | \$300.0 |         | \$242.0 |  |
|   | Alliant Energy                   |         | IPL               |        | WPL     |         |         |  |
| Three Months Ended June 30  | 2014                             | 2013    | 2014              | 2013   | 2014    | 2013    |         |  |
| Maximum amount outstanding<br>(based on daily outstanding balances) | \$311.6                          | \$223.1 | \$6.0             | \$6.0  | \$168.4 | \$159.4 |         |  |
| Average amount outstanding<br>(based on daily outstanding balances) | \$262.7                          | \$191.4 | \$0.1             | \$0.2  | \$141.8 | \$125.7 |         |  |
| Weighted average interest rates                                     | 0.2 %                            | 0.2 %   | 0.2 %             | 0.3 %  | 0.1 %   | 0.2 %   |         |  |
| Six Months Ended June 30  |                                  |         |                   |        |         |         |         |  |
| Maximum amount outstanding<br>(based on daily outstanding balances) | \$316.2                          | \$243.4 | \$10.0            | \$26.3 | \$204.7 | \$160.0 |         |  |
| Average amount outstanding<br>(based on daily outstanding balances) | \$269.1                          | \$181.2 | \$0.2             | \$2.5  | \$157.3 | \$99.4  |         |  |
| Weighted average interest rates                                     | 0.2 %                            | 0.3 %   | 0.2 %             | 0.4 %  | 0.1 %   | 0.2 %   |         |  |

(b) Long-term Debt - In July 2014, IPL retired its \$38.4 million, 5% pollution control revenue bonds.

## (9) INCOME TAXES

Income Tax Rates - The provision for income taxes for earnings from continuing operations is based on an estimated annual effective income tax rate that excludes the impact of significant unusual or infrequently occurring items, discontinued operations or extraordinary items. The overall income tax rates shown in the following table were computed by dividing income tax expense (benefit) by income from continuing operations before income taxes.

|   | Alliant Energy |         | IPL      |          | WPL    |        |
|---|----------------|---------|----------|----------|--------|--------|
| Three Months Ended June 30                            | 2014           | 2013    | 2014     | 2013     | 2014   | 2013   |
| Statutory federal income tax rate                     | 35.0 %         | 35.0 %  | 35.0 %   | 35.0 %   | 35.0 % | 35.0 % |
| IPL's tax benefit riders                              | (11.9 )        | (11.7 ) | (36.6 )  | (33.3 )  | —      | —      |
| Production tax credits                                | (6.1 )         | (7.9 )  | (8.0 )   | (10.5 )  | (5.8 ) | (7.2 ) |
| Effect of rate-making on property-related differences | (4.8 )         | (6.4 )  | (14.4 )  | (17.4 )  | (0.2 ) | (0.5 ) |
| Other items, net                                      | 4.8            | 4.3     | 4.6      | 1.5      | 5.0    | 5.8    |
| Overall income tax rate                               | 17.0 %         | 13.3 %  | (19.4 %) | (24.7 %) | 34.0 % | 33.1 % |



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|   | Alliant Energy |         | IPL      |          | WPL    |        |
|---|----------------|---------|----------|----------|--------|--------|
|   | 2014           | 2013    | 2014     | 2013     | 2014   | 2013   |
| Six Months Ended June 30                              |                |         |          |          |        |        |
| Statutory federal income tax rate                     | 35.0 %         | 35.0 %  | 35.0 %   | 35.0 %   | 35.0 % | 35.0 % |
| IPL's tax benefit riders                              | (11.9 )        | (12.3 ) | (32.8 )  | (35.6 )  | —      | —      |
| Production tax credits                                | (6.5 )         | (7.7 )  | (8.2 )   | (10.1 )  | (6.2 ) | (7.0 ) |
| Effect of rate-making on property-related differences | (5.1 )         | (5.6 )  | (13.0 )  | (15.5 )  | (0.7 ) | (0.4 ) |
| Other items, net                                      | 4.7            | 3.6     | 4.6      | 1.9      | 4.9    | 4.9    |
| Overall income tax rate                               | 16.2 %         | 13.0 %  | (14.4 %) | (24.3 %) | 33.0 % | 32.5 % |

IPL's tax benefit riders - Alliant Energy's and IPL's effective income tax rates include the impact of reducing income tax expense with offsetting reductions to regulatory liabilities as a result of implementing IPL's tax benefit riders. Refer to Note 2 for additional details of the tax benefit riders.

Production tax credits - For the three and six months ended June 30, details regarding production tax credits (net of state tax impacts) related to various wind projects are as follows (dollars in millions):

|                                | End of Production<br>Tax Credit<br>Generation | Nameplate<br>Capacity in<br>MW | Three Months |       | Six Months |        |
|--------------------------------|---|--------------------------------|--------------|-------|------------|--------|
|                                |   |                                | 2014         | 2013  | 2014       | 2013   |
| Cedar Ridge (WPL)              | December 2018                                 | 68                             | \$1.0        | \$1.1 | \$2.2      | \$2.3  |
| Bent Tree - Phase I (WPL)      | February 2021                                 | 201                            | 3.2          | 3.5   | 7.4        | 7.0    |
| Subtotal (WPL)                 |   |                                | 4.2          | 4.6   | 9.6        | 9.3    |
| Whispering Willow - East (IPL) | December 2019                                 | 200                            | 3.2          | 4.1   | 7.8        | 8.0    |
|                                |   |                                | \$7.4        | \$8.7 | \$17.4     | \$17.3 |

Effect of rate-making on property-related differences - Alliant Energy's and IPL's effective income tax rates are impacted by certain property-related differences for which deferred tax is not recognized in the income statement pursuant to rate-making principles, substantially all of which relates to IPL.

Deferred Tax Assets and Liabilities - For the six months ended June 30, 2014, Alliant Energy's, IPL's and WPL's non-current deferred tax liabilities increased \$77.2 million, \$57.0 million and \$21.1 million, respectively. These increases in non-current deferred tax liabilities were primarily due to property-related differences resulting from accelerated depreciation deductions, qualifying repairs expenditures, a tax accounting method change made for cost of removal expenditures and the effect of rate-making on property-related differences recorded during the six months ended June 30, 2014. Refer to Note 2 for further discussion of the tax accounting method change for cost of removal expenditures.

Carryforwards - At June 30, 2014, tax carryforwards and associated deferred tax assets and expiration dates were estimated as follows (dollars in millions):

|                              | Carryforward<br>Amount | Deferred<br>Tax Assets | Earliest<br>Expiration Date |
|------------------------------|------------------------|------------------------|-----------------------------|
| Alliant Energy               |                        |                        |                             |
| Federal net operating losses | \$721                  | \$248                  | 2029                        |
| State net operating losses   | 747                    | 38                     | 2018                        |
| Federal tax credits          | 188                    | 185                    | 2022                        |
|                              |                        | \$471                  |                             |
| IPL                          |                        |                        |                             |
| Federal net operating losses | \$317                  | \$109                  | 2029                        |
| State net operating losses   | 222                    | 11                     | 2018                        |

|                     |    |       |      |
|---------------------|----|-------|------|
| Federal tax credits | 62 | 61    | 2022 |
|                     |    | \$181 |      |

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| WPL                          | Carryforward<br>Amount | Deferred<br>Tax Assets | Earliest<br>Expiration Date |
|------------------------------|------------------------|------------------------|-----------------------------|
| Federal net operating losses | \$308                  | \$106                  | 2029                        |
| State net operating losses   | 114                    | 6                      | 2018                        |
| Federal tax credits          | 68                     | 67                     | 2022                        |
|                              |                        | \$179                  |                             |

## (10) BENEFIT PLANS

## (a) Pension and Other Postretirement Benefits Plans -

Net Periodic Benefit Costs (Credits) - The components of net periodic benefit costs (credits) for sponsored defined benefit pension and OPEB plans for the three and six months ended June 30 are included in the tables below (in millions). In the "IPL" and "WPL" tables below, the defined benefit pension plans costs represent those respective costs for IPL's and WPL's bargaining unit employees covered under the qualified plans that are sponsored by IPL and WPL, respectively, as well as amounts directly assigned to each of IPL and WPL related to IPL's and WPL's current and former non-bargaining employees who are participants in the Alliant Energy and Corporate Services sponsored qualified and non-qualified defined benefit pension plans. In the "IPL" and "WPL" tables below, the OPEB plans costs (credits) represent costs (credits) for IPL and WPL employees, respectively.

|   | Defined Benefit Pension Plans |         |            |         | OPEB Plans   |          |            |          |
|---|-------------------------------|---------|------------|---------|--------------|----------|------------|----------|
|   | Three Months                  |         | Six Months |         | Three Months |          | Six Months |          |
|   | 2014                          | 2013    | 2014       | 2013    | 2014         | 2013     | 2014       | 2013     |
| Alliant Energy                              |                               |         |            |         |              |          |            |          |
| Service cost                                | \$3.3                         | \$4.0   | \$6.6      | \$7.9   | \$1.3        | \$1.6    | \$2.6      | \$3.2    |
| Interest cost                               | 13.5                          | 12.2    | 27.0       | 24.5    | 2.3          | 2.1      | 4.7        | 4.2      |
| Expected return on plan assets              | (18.8 )                       | (18.5 ) | (37.5 )    | (37.0 ) | (2.0 )       | (2.0 )   | (4.1 )     | (4.0 )   |
| Amortization of prior service cost (credit) | —                             | —       | —          | 0.1     | (2.9 )       | (2.9 )   | (5.9 )     | (5.9 )   |
| Amortization of actuarial loss              | 5.0                           | 9.1     | 9.8        | 18.1    | 0.6          | 1.2      | 1.2        | 2.4      |
|   | \$3.0                         | \$6.8   | \$5.9      | \$13.6  | (\$0.7 )     | \$—      | (\$1.5 )   | (\$0.1 ) |
|   |                               |         |            |         |              |          |            |          |
|   | Defined Benefit Pension Plans |         |            |         | OPEB Plans   |          |            |          |
|   | Three Months                  |         | Six Months |         | Three Months |          | Six Months |          |
|   | 2014                          | 2013    | 2014       | 2013    | 2014         | 2013     | 2014       | 2013     |
| IPL   |                               |         |            |         |              |          |            |          |
| Service cost                                | \$1.8                         | \$2.1   | \$3.6      | \$4.3   | \$0.6        | \$0.7    | \$1.2      | \$1.4    |
| Interest cost                               | 6.3                           | 5.7     | 12.6       | 11.4    | 1.0          | 0.9      | 2.0        | 1.8      |
| Expected return on plan assets              | (8.9 )                        | (8.8 )  | (17.9 )    | (17.6 ) | (1.4 )       | (1.4 )   | (2.9 )     | (2.8 )   |
| Amortization of prior service cost (credit) | —                             | 0.1     | —          | 0.1     | (1.5 )       | (1.5 )   | (3.1 )     | (3.1 )   |
| Amortization of actuarial loss              | 2.0                           | 3.8     | 4.0        | 7.6     | 0.2          | 0.7      | 0.5        | 1.4      |
|   | \$1.2                         | \$2.9   | \$2.3      | \$5.8   | (\$1.1 )     | (\$0.6 ) | (\$2.3 )   | (\$1.3 ) |
|   |                               |         |            |         |              |          |            |          |
|   | Defined Benefit Pension Plans |         |            |         | OPEB Plans   |          |            |          |
|   | Three Months                  |         | Six Months |         | Three Months |          | Six Months |          |
|   | 2014                          | 2013    | 2014       | 2013    | 2014         | 2013     | 2014       | 2013     |
| WPL   |                               |         |            |         |              |          |            |          |
| Service cost                                | \$1.2                         | \$1.5   | \$2.4      | \$2.9   | \$0.5        | \$0.6    | \$1.0      | \$1.2    |
| Interest cost                               | 5.6                           | 5.1     | 11.3       | 10.3    | 0.9          | 0.9      | 1.9        | 1.7      |
| Expected return on plan assets              | (8.1 )                        | (7.9 )  | (16.2 )    | (15.9 ) | (0.3 )       | (0.3 )   | (0.6 )     | (0.6 )   |
| Amortization of prior service cost (credit) | 0.1                           | 0.1     | 0.2        | 0.2     | (0.9 )       | (1.0 )   | (1.9 )     | (2.0 )   |
| Amortization of actuarial loss              | 2.3                           | 4.3     | 4.6        | 8.6     | 0.3          | 0.5      | 0.6        | 1.0      |
|   | \$1.1                         | \$3.1   | \$2.3      | \$6.1   | \$0.5        | \$0.7    | \$1.0      | \$1.3    |





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Corporate Services provides services to IPL and WPL, and as a result, IPL and WPL are allocated pension and OPEB costs (credits) associated with Corporate Services employees. Such costs (credits) are allocated to IPL and WPL based on labor costs of plan participants. The following table includes the allocated qualified and non-qualified pension and OPEB costs (credits) associated with Corporate Services employees providing services to IPL and WPL for the three and six months ended June 30 (in millions):

|     | Pension Benefits Costs |       |            |       | OPEB Credits |        |            |          |
|-----|------------------------|-------|------------|-------|--------------|--------|------------|----------|
|     | Three Months           |       | Six Months |       | Three Months |        | Six Months |          |
|     | 2014                   | 2013  | 2014       | 2013  | 2014         | 2013   | 2014       | 2013     |
| IPL | \$0.3                  | \$0.5 | \$0.7      | \$1.0 | (\$0.1 )     | \$—    | (\$0.2 )   | (\$0.1 ) |
| WPL | 0.2                    | 0.4   | 0.5        | 0.7   | (0.1 )       | (0.1 ) | (0.1 )     | (0.1 )   |

401(k) Savings Plans - A significant number of employees participate in defined contribution retirement plans (401(k) savings plans). For the three and six months ended June 30, costs related to the 401(k) savings plans, which are partially based on the participants' contributions, were as follows (in millions):

|              | Alliant Energy |       |            |        | IPL (a)      |       |            |       | WPL (a)      |       |            |       |
|--------------|----------------|-------|------------|--------|--------------|-------|------------|-------|--------------|-------|------------|-------|
|              | Three Months   |       | Six Months |        | Three Months |       | Six Months |       | Three Months |       | Six Months |       |
|              | 2014           | 2013  | 2014       | 2013   | 2014         | 2013  | 2014       | 2013  | 2014         | 2013  | 2014       | 2013  |
| 401(k) costs | \$6.1          | \$4.6 | \$12.0     | \$10.0 | \$2.6        | \$2.4 | \$5.7      | \$5.2 | \$3.3        | \$2.1 | \$5.9      | \$4.4 |

(a) IPL's and WPL's amounts include allocated costs associated with Corporate Services employees.

(b) Equity-based Compensation Plans - A summary of compensation expense (including amounts allocated to IPL and WPL) and the related income tax benefits recognized for share-based compensation awards for the three and six months ended June 30 was as follows (in millions):

|                      | Alliant Energy |       |            |       | IPL          |       |            |       | WPL          |       |            |       |
|----------------------|----------------|-------|------------|-------|--------------|-------|------------|-------|--------------|-------|------------|-------|
|                      | Three Months   |       | Six Months |       | Three Months |       | Six Months |       | Three Months |       | Six Months |       |
|                      | 2014           | 2013  | 2014       | 2013  | 2014         | 2013  | 2014       | 2013  | 2014         | 2013  | 2014       | 2013  |
| Compensation expense | \$3.1          | \$1.9 | \$6.2      | \$4.6 | \$1.7        | \$1.0 | \$3.4      | \$2.4 | \$1.3        | \$0.9 | \$2.6      | \$2.0 |
| Income tax benefits  | 1.2            | 0.8   | 2.5        | 1.9   | 0.7          | 0.4   | 1.4        | 1.0   | 0.5          | 0.3   | 1.0        | 0.8   |

As of June 30, 2014, total unrecognized compensation cost related to share-based compensation awards was \$10.0 million, which is expected to be recognized over a weighted average period of between 1 and 2 years. Share-based compensation expense is recognized on a straight-line basis over the requisite service periods and is primarily recorded in "Utility - Other operation and maintenance" in the income statements.

## Performance Shares and Units -

Performance Shares - A summary of the performance shares activity was as follows:

|                             | 2014     | 2013     |
|-----------------------------|----------|----------|
| Nonvested shares, January 1 | 139,940  | 145,277  |
| Granted                     | 51,221   | 49,093   |
| Vested                      | (45,235) | (54,430) |
| Forfeited                   | (1,502)  | —        |
| Nonvested shares, June 30   | 144,424  | 139,940  |



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During the six months ended June 30, certain performance shares vested, resulting in payouts (a combination of cash and common stock) as follows:

|   | 2014<br>2011 Grant | 2013<br>2010 Grant |   |
|---|--------------------|--------------------|---|
| Performance shares vested                         | 45,235             | 54,430             |   |
| Percentage of target number of performance shares | 147.5              | % 197.5            | % |
| Aggregate payout value (in millions)              | \$3.4              | \$4.8              |   |
| Payout - cash (in millions)                       | \$2.9              | \$4.4              |   |
| Payout - common stock shares issued               | 4,810              | 4,177              |   |

Performance Units - A summary of the performance units activity was as follows:

|                            | 2014    | 2013      |   |
|----------------------------|---------|-----------|---|
| Nonvested units, January 1 | 65,912  | 64,969    |   |
| Granted                    | 20,422  | 22,201    |   |
| Vested                     | (20,751 | ) (19,760 | ) |
| Forfeited                  | (761    | ) (1,013  | ) |
| Nonvested units, June 30   | 64,822  | 66,397    |   |

During the six months ended June 30, certain performance units vested, resulting in cash payouts as follows:

|  | 2014<br>2011 Grant | 2013<br>2010 Grant |   |
|--|--------------------|--------------------|---|
| Performance units vested                         | 20,751             | 19,760             |   |
| Percentage of target number of performance units | 147.5              | % 197.5            | % |
| Payout value (in millions)                       | \$1.2              | \$1.3              |   |

Fair Value of Awards - Information related to fair values of nonvested performance shares and units at June 30, 2014, by year of grant, was as follows:

|  | Performance Shares |            |            | Performance Units |            |            |
|--|--------------------|------------|------------|-------------------|------------|------------|
|  | 2014 Grant         | 2013 Grant | 2012 Grant | 2014 Grant        | 2013 Grant | 2012 Grant |
| Nonvested awards   | 49,719             | 49,093     | 45,612     | 19,972            | 21,726     | 23,124     |
| Alliant Energy common stock closing price on June 30, 2014 | \$60.86            | \$60.86    | \$60.86    |                   |            |            |
| Alliant Energy common stock closing price on grant date    |                    |            |            | \$53.77           | \$47.58    | \$43.05    |
| Estimated payout percentage based on performance criteria  | 102                | % 121      | % 126      | % 102             | % 121      | % 126      |
| Fair values of each nonvested award                        | \$62.08            | \$73.64    | \$76.68    | \$54.85           | \$57.57    | \$54.24    |

At June 30, 2014, fair values of nonvested performance shares and units were calculated using a Monte Carlo simulation to determine the anticipated total shareowner returns of Alliant Energy and its investor-owned utility peer groups. Expected volatility was based on historical volatilities using daily stock prices over the past three years. Expected dividend yields were calculated based on the most recent quarterly dividend rates announced prior to the measurement date and stock prices at the measurement date. The risk-free interest rate was based on the three-year U.S. Treasury rate in effect as of the measurement date.

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Performance Contingent Restricted Stock - A summary of the performance contingent restricted stock activity was as follows:

|                             | 2014    |                                   | 2013     |                                   |
|-----------------------------|---------|-----------------------------------|----------|-----------------------------------|
|                             | Shares  | Weighted<br>Average<br>Fair Value | Shares   | Weighted<br>Average<br>Fair Value |
| Nonvested shares, January 1 | 158,922 | \$42.71                           | 211,651  | \$32.42                           |
| Granted                     | 51,221  | 53.77                             | 49,093   | 47.58                             |
| Vested (a)                  | (90,847 | ) 40.91                           | —        | —                                 |
| Forfeited (b)               | (20,484 | ) 39.85                           | (101,822 | ) 23.67                           |
| Nonvested shares, June 30   | 98,812  | 50.69                             | 158,922  | 42.71                             |

(a) In 2014, 45,612 and 45,235 performance contingent restricted shares granted in 2012 and 2011, respectively, vested because the specified performance criteria for such shares were met.

(b) In 2013, 101,822 performance contingent restricted shares granted in 2009 were forfeited because the specified performance criteria for such shares were not met.

Performance Contingent Cash Awards - A summary of the performance contingent cash awards activity was as follows:

|                             | 2014    | 2013     |
|-----------------------------|---------|----------|
| Nonvested awards, January 1 | 96,977  | 59,639   |
| Granted                     | 42,446  | 39,530   |
| Vested (a)                  | (55,517 | ) —      |
| Forfeited                   | (4,098  | ) (1,413 |