ALLIANT ENERGY CORP
Form 10-Q
November 03, 2017
Table of Contents

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 September 30, 2017

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

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

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, smaller reporting companies, or emerging growth companies. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

	Large Accelerated Filer	Accelerated Filer	Non-accelerated Filer	Smaller Reporting Company	Emerging Growth Company
Alliant Energy Corporation					
Interstate Power and Light Company					
Wisconsin Power and Light Company					

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 September 30, 2017:

Alliant Energy Corporation	Common stock, $0.01 par value, 231,204,360 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)

Table of Contents

TABLE OF CONTENTS

Table of Contents

DEFINITIONS

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

Abbreviation or Acronym	Definition	Abbreviation or Acronym	Definition
2016 Form 10-K	Combined Annual Report on Form 10-K filed by Alliant Energy, IPL and WPL for the year ended Dec. 31, 2016	ITC	ITC Midwest LLC
AEF	Alliant Energy Finance, LLC	IUB	Iowa Utilities Board
AFUDC	Allowance for funds used during construction	Marshalltown	Marshalltown Generating Station
Alliant Energy	Alliant Energy Corporation	MDA	Management's Discussion and Analysis of Financial Condition and Results of Operations
ATC	American Transmission Company	MISO	Midcontinent Independent System Operator, Inc.
ATI	AE Transco Investments, LLC	MW	Megawatt
CDD	Cooling degree days	MWh	Megawatt-hour
Corporate Services	Alliant Energy Corporate Services, Inc.	N/A	Not applicable
Dth	Dekatherm	Note(s)	Combined Notes to Condensed Consolidated Financial Statements
EGU	Electric generating unit	NOx	Nitrogen oxide
EPA	U.S. Environmental Protection Agency	OPEB	Other postretirement benefits
EPS	Earnings per weighted average common share	PSCW	Public Service Commission of Wisconsin
FERC	Federal Energy Regulatory Commission	Riverside	Riverside Energy Center
Financial Statements	Condensed Consolidated Financial Statements	RMT	RMT, Inc.
FTR	Financial transmission right	SCR	Selective catalytic reduction
Fuel-related	Electric production fuel and purchased power	SO2	Sulfur dioxide
GAAP	U.S. generally accepted accounting principles	U.S.	United States of America
HDD	Heating degree days	Whiting Petroleum	Whiting Petroleum Corporation
IPL	Interstate Power and Light Company	WPL	Wisconsin Power and Light Company

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, statemer 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 (including potential tax reform), financial and health care legislation, and regulatory agency orders;
- IPL's and WPL's ability to obtain adequate and timely rate relief to allow for, among other things, earning a return on rate base additions and the recovery of costs, including fuel costs, operating costs, transmission costs, environmental compliance and remediation costs, deferred expenditures, deferred tax assets, 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 pending retail electric base rate review;
- weather effects on results of utility operations;
- 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 customer- and third party-owned generation, including alternative electric suppliers, in IPL's and WPL's service territories on system reliability, operating expenses and customers' demand for electricity;
- the impact of energy efficiency, franchise retention and customer disconnects on sales volumes and margins;
- the impact that price changes may have on IPL's and WPL's customers' demand for electric, gas and steam services and their ability to pay their bills;
- developments that adversely impact the ability to implement the strategic plan;
- the ability to qualify for the full level of production tax credits on planned new wind farms and the impact of changes to production tax credits for existing wind farms;

1

Table of Contents

- issues related to the availability and operations of EGUs, including start-up risks, breakdown or failure of equipment, performance below expected or contracted levels of output or efficiency, operator error, employee safety, transmission constraints, compliance with mandatory reliability standards and risks related to recovery of resulting incremental costs through rates;
- disruptions in the supply and delivery of natural gas, purchased electricity and coal;
- changes in the price of delivered natural gas, purchased electricity and coal due to shifts in supply and demand caused by market conditions and regulations;
- impacts on equity income from unconsolidated investments due to further potential changes to ATC LLC's authorized return on equity;
- issues associated with environmental remediation and environmental compliance, including compliance with the Consent Decree between WPL, the EPA and the Sierra Club, the Consent Decree between IPL, the EPA, the Sierra Club, the State of Iowa and Linn County in Iowa, the Coal Combustion Residuals Rule, the Clean Power Plan, future changes in environmental laws and regulations, including the EPA's regulations for carbon dioxide emissions reductions from new and existing fossil-fueled EGUs, and litigation associated with environmental requirements;
- the ability to defend against environmental claims brought by state and federal agencies, such as the EPA, state natural resources agencies or third parties, such as the Sierra Club, and the impact on operating expenses of defending and resolving such claims;
- impacts that storms or natural disasters in IPL's and WPL's service territories may have on their operations and recovery of costs associated with restoration activities;
- 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;
- the direct or indirect effects resulting from breakdown or failure of equipment in the operation of electric and gas distribution systems, such as mechanical problems and explosions or fires, and compliance with electric and gas transmission and distribution safety regulations;
- impacts of IPL's future tax benefits from Iowa rate-making practices, including deductions for repairs expenditures and allocation of mixed service costs, and recoverability of the associated regulatory assets from customers, when the differences reverse in future periods;
- risks associated with non-regulated renewable investments;
- any material post-closing adjustments related to any past asset divestitures, including the sales of IPL's Minnesota electric and natural gas assets, and Whiting Petroleum, 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;
- current or future litigation, regulatory investigations, proceedings or inquiries;
- reputational damage from negative publicity, protests, fines, penalties and other negative consequences resulting in regulatory and/or legal actions;
- 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;
- changes in technology that alter the channels through which electric customers buy or utilize electricity;
- material changes in employee-related benefit and compensation costs;
- the effect of accounting standards issued periodically by standard-setting bodies;

- 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 and changes in tax accounting methods with no material impact on earnings and cash flows; and
- factors listed in MDA and Risk Factors in Item 1A in the 2016 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.

2

Table of Contents

PART I. FINANCIAL INFORMATION
ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
ALLIANT ENERGY CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2017	2016	2017	2016
	(in millions, except per share amounts)			
Operating revenues:				
Electric utility	$840.6	$864.3	$2,199.1	$2,209.1
Gas utility	45.8	39.5	262.7	248.7
Other utility	11.2	9.4	34.4	35.0
Non-regulated	9.3	11.4	29.9	30.2
Total operating revenues	906.9	924.6	2,526.1	2,523.0
Operating expenses:				
Electric production fuel and purchased power	222.6	245.9	614.7	646.3
Electric transmission service	121.0	138.6	363.3	396.8
Cost of gas sold	15.0	12.5	135.5	132.3
Asset valuation charges for Franklin County wind farm	—	86.4	—	86.4
Other operation and maintenance	169.1	148.6	467.1	438.2
Depreciation and amortization	120.7	104.1	342.7	308.7
Taxes other than income taxes	27.0	25.9	79.1	77.2
Total operating expenses	675.4	762.0	2,002.4	2,085.9
Operating income	231.5	162.6	523.7	437.1
Interest expense and other:				
Interest expense	53.9	48.8	159.0	144.8
Equity income from unconsolidated investments, net	(10.1)	(9.2)	(32.9)	(28.8)
Allowance for funds used during construction	(9.6)	(15.8)	(36.7)	(44.3)
Interest income and other	(0.2)	(0.1)	(0.4)	(0.3)
Total interest expense and other	34.0	23.7	89.0	71.4
Income from continuing operations before income taxes	197.5	138.9	434.7	365.7
Income taxes	26.1	7.5	64.9	47.2
Income from continuing operations, net of tax	171.4	131.4	369.8	318.5
Income (loss) from discontinued operations, net of tax	—	(0.4)	1.4	(2.0)
Net income	171.4	131.0	371.2	316.5
Preferred dividend requirements of Interstate Power and Light Company	2.6	2.6	7.7	7.7
Net income attributable to Alliant Energy common shareowners	$168.8	$128.4	$363.5	$308.8
Weighted average number of common shares outstanding (basic and diluted)	231.0	227.2	229.2	227.0
Earnings per weighted average common share attributable to Alliant Energy common shareowners (basic and diluted):				
Income from continuing operations, net of tax	$0.73	$0.57	$1.58	$1.37
Income (loss) from discontinued operations, net of tax	—	—	0.01	(0.01)
Net income	$0.73	$0.57	$1.59	$1.36
Amounts attributable to Alliant Energy common shareowners:				
Income from continuing operations, net of tax	$168.8	$128.8	$362.1	$310.8

Income (loss) from discontinued operations, net of tax	—	(0.4)	1.4	(2.0)
Net income	$168.8	$128.4	$363.5	$308.8
Dividends declared per common share	$0.315	$0.29375	$0.945	$0.88125

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

3

Table of Contents

ALLIANT ENERGY CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	September 30, 2017	December 31, 2016
	(in millions, except per share and share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	$9.2	$8.2
Accounts receivable, less allowance for doubtful accounts	336.1	493.3
Production fuel, at weighted average cost	80.9	98.1
Gas stored underground, at weighted average cost	40.6	37.6
Materials and supplies, at weighted average cost	99.1	86.6
Regulatory assets	84.2	57.8
Other	101.4	95.5
Total current assets	751.5	877.1
Property, plant and equipment, net	10,931.1	10,279.2
Investments:		
ATC Investment	339.2	317.6
Other	119.4	20.0
Total investments	458.6	337.6
Other assets:		
Regulatory assets	1,952.3	1,857.3
Deferred charges and other	21.4	22.6
Total other assets	1,973.7	1,879.9
Total assets	$14,114.9	$13,373.8
LIABILITIES AND EQUITY		
Current liabilities:		
Current maturities of long-term debt	$105.2	$4.6
Commercial paper	390.3	244.1
Other short-term borrowings	95.0	—
Accounts payable	478.1	445.3
Regulatory liabilities	145.1	186.2
Accrued taxes	39.4	59.5
Other	217.0	222.3
Total current liabilities	1,470.1	1,162.0
Long-term debt, net (excluding current portion)	4,255.1	4,315.6
Other liabilities:		
Deferred tax liabilities	2,774.7	2,570.2
Regulatory liabilities	483.4	494.8
Pension and other benefit obligations	481.3	489.9
Other	296.1	279.3
Total other liabilities	4,035.5	3,834.2
Commitments and contingencies (Note 12)		
Equity:		
Alliant Energy Corporation common equity:		
	2.3	2.3

Common stock - $0.01 par value - 480,000,000 shares authorized; 231,204,360 and 227,673,654 shares outstanding		
Additional paid-in capital	1,838.2	1,693.1
Retained earnings	2,324.8	2,177.0
Accumulated other comprehensive loss	(0.4)	(0.4)
Shares in deferred compensation trust - 454,532 and 441,695 shares at a weighted average cost of $23.52 and $22.71 per share	(10.7)	(10.0)
Total Alliant Energy Corporation common equity	4,154.2	3,862.0
Cumulative preferred stock of Interstate Power and Light Company	200.0	200.0
Total equity	4,354.2	4,062.0
Total liabilities and equity	$14,114.9	$13,373.8

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

Table of Contents

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

	For the Nine Months Ended September 30,	
	2017	2016
	(in millions)	
Cash flows from operating activities:		
Net income	$371.2	$316.5
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	342.7	308.7
Deferred tax expense and tax credits	102.7	76.7
Asset valuation charges for Franklin County wind farm	—	86.4
Other	(7.1)	(44.0)
Other changes in assets and liabilities:		
Accounts receivable	72.8	(101.0)
Sales of accounts receivable	91.0	(4.0)
Regulatory assets	(108.9)	36.6
Regulatory liabilities	(64.8)	(66.5)
Deferred income taxes	101.0	71.8
Other	(17.2)	(27.2)
Net cash flows from operating activities	883.4	654.0
Cash flows used for investing activities:		
Construction and acquisition expenditures:		
Utility business	(909.7)	(743.6)
Alliant Energy Corporate Services, Inc. and non-regulated businesses	(139.7)	(43.3)
Other	(22.9)	15.1
Net cash flows used for investing activities	(1,072.3)	(771.8)
Cash flows from financing activities:		
Common stock dividends	(215.7)	(199.8)
Proceeds from issuance of common stock, net	143.2	20.4
Proceeds from issuance of long-term debt	—	300.0
Net change in commercial paper and other short-term borrowings	281.2	78.5
Other	(18.8)	(2.4)
Net cash flows from financing activities	189.9	196.7
Net increase in cash and cash equivalents	1.0	78.9
Cash and cash equivalents at beginning of period	8.2	5.8
Cash and cash equivalents at end of period	$9.2	$84.7
Supplemental cash flows information:		
Cash paid during the period for:		
Interest, net of capitalized interest	($158.5)	($140.7)
Income taxes, net	($11.4)	($8.3)
Significant non-cash investing and financing activities:		
Accrued capital expenditures	$197.2	$99.9

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

5

Table of Contents

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2017	2016	2017	2016
	(in millions)			
Operating revenues:				
Electric utility	$489.0	$483.2	$1,217.6	$1,209.2
Gas utility	27.4	23.9	147.2	142.6
Steam and other	11.0	9.1	33.3	34.1
Total operating revenues	527.4	516.2	1,398.1	1,385.9
Operating expenses:				
Electric production fuel and purchased power	122.5	125.0	330.0	324.8
Electric transmission service	78.2	95.9	235.0	270.7
Cost of gas sold	9.9	8.0	74.6	76.3
Other operation and maintenance	104.4	94.8	288.7	279.8
Depreciation and amortization	66.2	52.7	181.0	157.8
Taxes other than income taxes	14.4	13.9	41.1	40.6
Total operating expenses	395.6	390.3	1,150.4	1,150.0
Operating income	131.8	125.9	247.7	235.9
Interest expense and other:				
Interest expense	27.9	25.5	83.5	75.4
Allowance for funds used during construction	(4.7)	(13.8)	(25.1)	(36.2)
Interest income and other	(0.1)	—	(0.2)	(0.1)
Total interest expense and other	23.1	11.7	58.2	39.1
Income before income taxes	108.7	114.2	189.5	196.8
Income tax benefit	(14.3)	(2.5)	(18.6)	(2.5)
Net income	123.0	116.7	208.1	199.3
Preferred dividend requirements	2.6	2.6	7.7	7.7
Earnings available for common stock	$120.4	$114.1	$200.4	$191.6

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 Contents

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

	September 30, 2017	December 31, 2016
	(in millions, except per share and share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	$4.7	$3.3
Accounts receivable, less allowance for doubtful accounts	143.5	240.7
Production fuel, at weighted average cost	56.7	70.3
Gas stored underground, at weighted average cost	21.6	16.3
Materials and supplies, at weighted average cost	52.6	46.5
Regulatory assets	38.9	17.7
Other	39.3	27.7
Total current assets	357.3	422.5
Property, plant and equipment, net	5,764.9	5,435.6
Other assets:		
Regulatory assets	1,552.0	1,441.1
Deferred charges and other	8.5	5.5
Total other assets	1,560.5	1,446.6
Total assets	$7,682.7	$7,304.7
LIABILITIES AND EQUITY		
Current liabilities:		
Current maturities of long-term debt	$100.0	$—
Commercial paper	4.0	—
Accounts payable	224.6	186.3
Accounts payable to associated companies	56.4	43.3
Regulatory liabilities	85.9	149.6
Accrued taxes	39.3	53.8
Other	92.8	88.8
Total current liabilities	603.0	521.8
Long-term debt, net (excluding current portion)	2,095.0	2,153.5
Other liabilities:		
Deferred tax liabilities	1,643.5	1,511.8
Regulatory liabilities	298.9	281.2
Pension and other benefit obligations	171.4	173.2
Other	238.5	214.2
Total other liabilities	2,352.3	2,180.4
Commitments and contingencies (Note 12)		
Equity:		
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	1,697.8	1,597.8
Retained earnings	701.2	617.8
Total Interstate Power and Light Company common equity	2,432.4	2,249.0
Cumulative preferred stock	200.0	200.0
Total equity	2,632.4	2,449.0

Total liabilities and equity	$7,682.7	$7,304.7

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

Table of Contents

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

	For the Nine Months Ended September 30,	
	2017	2016
	(in millions)	
Cash flows from operating activities:		
Net income	$208.1	$199.3
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	181.0	157.8
Other	26.2	24.3
Other changes in assets and liabilities:		
Accounts receivable	12.4	(66.5)
Sales of accounts receivable	91.0	(4.0)
Regulatory assets	(107.8)	(14.1)
Regulatory liabilities	(49.6)	(64.5)
Deferred income taxes	88.9	67.7
Other	20.4	(43.5)
Net cash flows from operating activities	470.6	256.5
Cash flows used for investing activities:		
Utility construction and acquisition expenditures	(470.1)	(436.5)
Other	(23.5)	1.1
Net cash flows used for investing activities	(493.6)	(435.4)
Cash flows from financing activities:		
Common stock dividends	(117.0)	(114.0)
Capital contributions from parent	100.0	65.0
Proceeds from issuance of long-term debt	—	300.0
Net change in commercial paper	44.0	—
Other	(2.6)	1.1
Net cash flows from financing activities	24.4	252.1
Net increase in cash and cash equivalents	1.4	73.2
Cash and cash equivalents at beginning of period	3.3	4.5
Cash and cash equivalents at end of period	$4.7	$77.7
Supplemental cash flows information:		
Cash (paid) refunded during the period for:		
Interest	($84.1)	($72.5)
Income taxes, net	$13.2	$0.7
Significant non-cash investing and financing activities:		
Accrued capital expenditures	$71.0	$44.5

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

Table of Contents

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2017	2016	2017	2016
	(in millions)			
Operating revenues:				
Electric utility	$351.6	$381.1	$981.5	$999.9
Gas utility	18.4	15.6	115.5	106.1
Other	0.2	0.3	1.1	0.9
Total operating revenues	370.2	397.0	1,098.1	1,106.9
Operating expenses:				
Electric production fuel and purchased power	100.1	120.9	284.7	321.5
Electric transmission service	42.8	42.7	128.3	126.1
Cost of gas sold	5.1	4.5	60.9	56.0
Other operation and maintenance	66.1	54.2	179.7	157.2
Depreciation and amortization	53.6	48.7	158.8	143.5
Taxes other than income taxes	11.8	11.0	35.3	33.8
Total operating expenses	279.5	282.0	847.7	838.1
Operating income	90.7	115.0	250.4	268.8
Interest expense and other:				
Interest expense	23.1	22.9	69.1	68.7
Equity income from unconsolidated investments	(0.2)	(9.3)	(0.4)	(29.0)
Allowance for funds used during construction	(4.9)	(2.0)	(11.6)	(8.1)
Interest income and other	(0.1)	0.1	(0.2)	(0.2)
Total interest expense and other	17.9	11.7	56.9	31.4
Income before income taxes	72.8	103.3	193.5	237.4
Income taxes	23.0	33.7	60.1	77.1
Net income	49.8	69.6	133.4	160.3
Net income attributable to noncontrolling interest	—	0.6	—	1.6
Earnings available for common stock	$49.8	$69.0	$133.4	$158.7

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 Contents

WISCONSIN POWER AND LIGHT COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	September 30, 2017	December 31, 2016
	(in millions, except per share and share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	$3.2	$4.2
Accounts receivable, less allowance for doubtful accounts	185.8	226.3
Production fuel, at weighted average cost	24.2	27.8
Gas stored underground, at weighted average cost	19.0	21.3
Materials and supplies, at weighted average cost	43.6	36.3
Regulatory assets	45.3	40.1
Other	64.6	60.5
Total current assets	385.7	416.5
Property, plant and equipment, net	4,782.4	4,426.7
Other assets:		
Regulatory assets	400.3	416.2
Deferred charges and other	25.7	30.9
Total other assets	426.0	447.1
Total assets	$5,594.1	$5,290.3
LIABILITIES AND EQUITY		
Current liabilities:		
Commercial paper	$224.6	$52.3
Accounts payable	197.2	192.9
Regulatory liabilities	59.2	36.6
Other	108.7	112.9
Total current liabilities	589.7	394.7
Long-term debt, net	1,536.2	1,535.2
Other liabilities:		
Deferred tax liabilities	1,035.2	971.6
Regulatory liabilities	184.5	213.6
Capital lease obligations - Sheboygan Falls Energy Facility	72.0	77.2
Pension and other benefit obligations	204.2	207.8
Other	162.6	159.4
Total other liabilities	1,658.5	1,629.6
Commitments and contingencies (Note 12)		
Equity:		
Wisconsin Power and Light Company common equity:		

Common stock - $5 par value - 18,000,000 shares authorized; 13,236,601 shares outstanding	66.2		66.2	
Additional paid-in capital	1,059.0		1,019.0	
Retained earnings	684.5		645.6	
Total Wisconsin Power and Light Company common equity	1,809.7		1,730.8	
Total liabilities and equity		$5,594.1		$5,290.3

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

Table of Contents

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

	For the Nine Months Ended September 30,	
	2017	2016
	(in millions)	
Cash flows from operating activities:		
Net income	$133.4	$160.3
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	158.8	143.5
Deferred tax expense and tax credits	60.1	97.9
Other	4.8	(20.3)
Other changes in assets and liabilities:		
Accounts receivable	41.8	(12.8)
Regulatory assets	(1.1)	50.7
Other	(36.6)	20.0
Net cash flows from operating activities	361.2	439.3
Cash flows used for investing activities:		
Utility construction and acquisition expenditures	(454.0)	(307.1)
Other	(16.2)	(19.6)
Net cash flows used for investing activities	(470.2)	(326.7)
Cash flows from (used for) financing activities:		
Common stock dividends	(94.5)	(101.2)
Capital contribution from parent	40.0	—
Net change in commercial paper	172.3	(8.1)
Other	(9.8)	1.9
Net cash flows from (used for) financing activities	108.0	(107.4)
Net increase (decrease) in cash and cash equivalents	(1.0)	5.2
Cash and cash equivalents at beginning of period	4.2	0.4
Cash and cash equivalents at end of period	$3.2	$5.6
Supplemental cash flows information:		
Cash (paid) refunded during the period for:		
Interest	($68.1)	($67.7)
Income taxes, net	($20.2)	$19.6
Significant non-cash investing and financing activities:		
Accrued capital expenditures	$122.3	$50.8

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

Table of Contents

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

COMBINED NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
NOTE 1(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 nine months ended September 30, 2017 are not necessarily indicative of results that may be expected for the year ending December 31, 2017. 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.

Discontinued operations reported in Alliant Energy’s income statements is related to various warranty claims associated with the sale of RMT in 2013, which have resulted in operating expenses and income subsequent to the sale.

NOTE 1(b) New Accounting Standards -
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 will adopt this standard on January 1, 2018 and currently expect to use the modified retrospective method of adoption. If applicable, this method requires a cumulative-effect adjustment to the opening retained earnings balance on January 1, 2018, as if the standard had always been in effect. Alliant Energy, IPL and WPL have continued to make progress in the evaluation of the revenue recognition standard and do not currently anticipate a significant change in revenue recognition for retail electric and gas sales. These sales represent the majority of Alliant Energy’s, IPL’s and WPL’s revenues and are from tariff offerings that provide electricity or natural gas without a defined contractual term. For such arrangements, revenues from contracts with customers will be equivalent to the electricity or natural gas supplied and billed, or estimated to be billed, and there will be no significant shift in the timing or pattern of revenue recognition for such sales. The most significant impact to the financial statements for Alliant Energy, IPL and WPL is expected to be in the form of additional disclosures. The incremental disclosures could include disaggregation of revenue by location and customer class. Alliant Energy, IPL and WPL expect to complete the evaluation of the impact of the revenue recognition standard on their financial condition, results of operations and disclosures by January 1, 2018.

Leases - In February 2016, the Financial Accounting Standards Board issued an accounting standard requiring lease assets and lease liabilities, including operating leases, to be recognized on the balance sheet for all leases with terms longer than 12 months. The standard also requires disclosure of key information about leasing arrangements. Alliant

Energy, IPL and WPL currently expect to adopt this standard on January 1, 2019 and are evaluating the impact of this standard on their financial condition and results of operations and expect an increase in assets and liabilities from recognizing operating leases on their balance sheets.

Presentation of Net Periodic Pension and Postretirement Benefit Costs - In March 2017, the Financial Accounting Standards Board issued an accounting standard amending the income statement presentation of the components of net periodic benefit costs for defined benefit pension and other postretirement plans. The standard requires entities to (1) disaggregate the current service cost component from the other components of net periodic benefit costs and present it with other employee compensation costs in the income statement; and (2) include the other components in the income statement outside of operating income. This new presentation will shift the majority of the net periodic benefit costs from “Other operation and maintenance” expenses to “Interest expense and other” expenses in the income statements. In addition, only the service cost component of net periodic benefit costs is eligible for capitalization into property, plant and equipment, when

Table of Contents

applicable. IPL and WPL, as rate-regulated entities, currently expect to capitalize the other components of net periodic benefit costs into regulatory assets or regulatory liabilities. Alliant Energy, IPL and WPL will adopt this standard on January 1, 2018. Upon adoption, the standard must be applied retrospectively for the presentation requirements and prospectively for the capitalization requirements. Alliant Energy, IPL and WPL continue to evaluate additional impacts of this standard on their financial condition and results of operations.

NOTE 2. REGULATORY MATTERS

Regulatory Assets and Regulatory Liabilities -

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

	Alliant Energy		IPL		WPL	
	September 30, 2017	December 31, 2016	September 30, 2017	December 31, 2016	September 30, 2017	December 31, 2016
Tax-related	$1,147.9	$1,055.6	$1,107.9	$1,022.4	$40.0	$33.2
Pension and OPEB costs	547.8	578.7	279.3	294.0	268.5	284.7
Asset retirement obligations	107.9	105.9	71.9	64.3	36.0	41.6
EGUs retired early	67.4	41.4	32.9	—	34.5	41.4
Derivatives	49.9	30.7	22.3	10.0	27.6	20.7
Emission allowances	25.6	26.2	25.6	26.2	—	—
Other	90.0	76.6	51.0	41.9	39.0	34.7
	$2,036.5	$1,915.1	$1,590.9	$1,458.8	$445.6	$456.3

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

	Alliant Energy		IPL		WPL	
	September 30, 2017	December 31, 2016	September 30, 2017	December 31, 2016	September 30, 2017	December 31, 2016
Cost of removal obligations	$412.1	$411.6	$272.9	$269.4	$139.2	$142.2
Electric transmission cost recovery	94.8	72.0	35.9	35.7	58.9	36.3
IPL’s tax benefit riders	45.0	83.5	45.0	83.5	—	—
Commodity cost recovery	21.2	30.8	15.0	17.8	6.2	13.0
Energy efficiency cost recovery	20.0	20.5	—	—	20.0	20.5
Derivatives	10.9	31.5	5.8	12.1	5.1	19.4
Other	24.5	31.1	10.2	12.3	14.3	18.8
	$628.5	$681.0	$384.8	$430.8	$243.7	$250.2

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 nine months ended September 30, 2017, Alliant Energy’s and IPL’s tax-related regulatory assets increased primarily due to property-related differences for qualifying repair expenditures.

Asset retirement obligations - In September 2017, IPL reached a partial settlement agreement related to its retail electric rate review (2016 Test Year), subject to IUB approval. The proposed settlement does not include the recovery of certain asset retirement obligation costs previously recorded as regulatory assets, and as a result, Alliant Energy and IPL recorded a write-down of regulatory assets in the third quarter of 2017 as discussed in “IPL’s Retail Electric Rate Review (2016 Test Year)” below.

Electric generating units retired early - In June 2017, IPL retired Sutherland Units 1 and 3 and reclassified the remaining net book value of these EGUs from property, plant and equipment to a regulatory asset on Alliant Energy's and IPL's balance sheets. IPL is currently earning a return on the remaining net book value of these EGUs, as well as recovering the remaining net book value of these EGUs from both its retail and wholesale customers. IPL's proposed settlement reached in September 2017 includes recovery of the remaining net book value of these EGUs from IPL's retail customers over a 10-year period. However, the proposed settlement does not allow IPL to earn a return on the remaining net book value of these EGUs from its retail customers when final rates are implemented, and as a result, Alliant Energy and IPL recorded a write-down of regulatory assets in the third quarter of 2017 as discussed in "IPL's Retail Electric Rate Review (2016 Test Year)" below. IPL has requested continued recovery of the remaining net book value of these EGUs from its retail customers over a 10-year period from the IUB, with a decision currently expected in the first quarter of 2018. In September 2017, FERC approved continued recovery of the remaining net book value of these EGUs from IPL's wholesale customers over a 10-year period.

Table of Contents

Derivatives - Refer to Note 11 for discussion of derivative assets and derivative liabilities.

Electric transmission cost recovery - A group of MISO cooperative and municipal utilities previously filed two complaints with FERC requesting a reduction to the base return on equity used by MISO transmission owners, including ITC and ATC LLC, to determine electric transmission costs billed to utilities, including IPL and WPL. In September 2016, FERC issued an order on the first complaint and established a base return on equity of 10.32%, excluding any incentive adders granted by FERC, effective September 28, 2016, and for the refund period from November 12, 2013 through February 11, 2015 (first complaint period). During the nine months ended September 30, 2017, Alliant Energy, IPL and WPL received the refunds for the first complaint period of $50 million, $39 million and $11 million, respectively, after final true-ups. IPL and WPL each initially recorded the retail portion of the refunds to a regulatory liability. Pursuant to IUB approval, IPL’s retail portion of the refund from ITC is currently being refunded to its retail customers in 2017. WPL’s retail portion of the refund from ATC LLC will remain in a regulatory liability until such refunds are approved to be returned to retail customers in a future rate proceeding. IPL’s and WPL’s wholesale customers received their share of the refunds through normal monthly billing practices in 2017.

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 and cost of removal expenditures, and a rate-making accounting change for capitalized interest. For the nine months ended September 30, 2017, Alliant Energy’s and IPL’s “IPL’s tax benefit riders” regulatory liabilities decreased by ($39) million as follows (in millions):

Electric tax benefit rider credits	($51)
Gas tax benefit rider credits	(5)
Rate-making accounting change	17
	($39)

In the third quarter of 2017, Alliant Energy and IPL implemented a rate-making accounting change for capitalized interest. IPL currently anticipates crediting its related tax benefits from this rate-making accounting change to its Iowa retail electric and gas customers in the future, and as a result, Alliant Energy and IPL recorded an increase of $17 million to IPL’s tax benefit riders regulatory liabilities during the nine months ended September 30, 2017.

Utility Rate Reviews -

IPL’s Retail Electric Rate Review (2016 Test Year) - In April 2017, IPL filed a request with the IUB to increase annual electric base rates for its Iowa retail electric customers by $176 million, or approximately 12%. The request was based on a 2016 historical Test Year as adjusted for certain known and measurable changes occurring up to 12 months after the commencement of the proceeding. The key drivers for the filing included recovery of capital projects, primarily power grid modernization and investments that advance cleaner energy, including Marshalltown. An interim retail electric base rate increase of $102 million, or approximately 7%, on an annual basis, was implemented effective April 13, 2017, without regulatory review, and will be subject to refund pending determination of final rates. Tax benefit rider credits and MISO transmission owner return on equity refunds are expected to reduce the effect of the rate increase on customer bills in 2017 and 2018. For the three and nine months ended September 30, 2017, Alliant Energy and IPL recorded increases in electric base rates of $34 million and $54 million, respectively, in conjunction with the interim retail electric base rate increase.

In September 2017, IPL reached a partial, non-unanimous settlement agreement with the Iowa Office of Consumer Advocate, the Iowa Business Energy Coalition and the Large Energy Group for an annual electric base rate increase of $130 million, or approximately 9%. The final proposed rate increase (based on proposed settlement) includes increased depreciation expense resulting from an updated depreciation study; recovery over a four-year period of asset retirement obligation expenditures since the last retail electric rate filing in 2010; recovery over a 10-year period of the remaining net book value of Sutherland Units 1 and 3, unamortized forward contract costs for SO2 emission allowances through the energy adjustment clause and cancelled project costs approved in a prior emissions plan and budget; and no double leverage applied to the weighted-average cost of capital. The proposed settlement did not address rate design or IPL's proposal to continue the electric transmission cost rider. As a result of the proposed settlement, in the third quarter of 2017, IPL recorded a write-down of regulatory assets of $9 million, including $4 million to "Other operation and maintenance" expenses primarily related to IPL being no longer probable of earning a return on the remaining net book value of Sutherland Units 1 and 3 from its retail customers when final rates are implemented, and $5 million to "Depreciation and amortization" expenses for asset retirement obligations deemed no longer probable of recovery in future rates. IPL currently expects to implement final rates in the first quarter of 2018. The IUB must issue a decision on requests for retail rate changes within 10 months of the date of the application for which changes are filed.

Table of Contents

WPL's Retail Electric and Gas Rate Review (2017/2018 Test Period) - In December 2016, WPL received an order from the PSCW authorizing WPL to implement an increase in annual retail electric rates of $9 million, or approximately 1%, and an increase in annual retail gas base rates of $9 million, or approximately 13%. The $9 million net annual retail electric rate increase reflects a $60 million increase in base rates, partially offset by a $51 million reduction in fuel-related costs, using an estimate for 2017 fuel-related costs. These increases were effective January 1, 2017 and extend through the end of 2018. For the three and nine months ended September 30, 2017, Alliant Energy and WPL recorded increases in electric base rates of $4 million and $42 million, and increases in gas base rates of $2 million and $6 million, respectively, in conjunction with the base rate increases authorized in the PSCW's December 2016 order.

WPL's Retail Fuel-related Rate Filing (2016 Test Year) - Pursuant to a 2015 PSCW order, WPL's 2016 fuel-related costs were subject to deferral if they were outside an annual bandwidth of plus or minus 2% of the approved annual forecasted fuel-related costs. Retail fuel-related costs incurred by WPL in 2016 were lower than fuel-related costs used to determine rates for such period resulting in an over-collection of fuel-related costs. In August 2017, the PSCW authorized WPL to utilize $6 million of the over-collections as an offset to projected 2017 fuel-related cost under-collections. As of September 30, 2017, $3 million of remaining fuel-related costs for 2016 outside of the approved bandwidth are included in "Commodity cost recovery" in Alliant Energy's and WPL's regulatory liabilities table above, and these costs are expected to offset any rate changes for WPL's 2018 fuel-related costs.

WPL's Retail Fuel-related Rate Filing (2017 Test Year) - In March 2017, WPL filed an application with the PSCW for a mid-year fuel-related cost adjustment for 2017. Fuel-related costs for 2017 are currently expected to exceed the approved 2017 fuel-related cost plan by more than the 2% annual bandwidth. In August 2017, the PSCW authorized WPL to utilize $6 million of the 2016 fuel-related cost over-collections to offset a portion of the projected fuel-related cost under-collections for 2017. As of September 30, 2017, after applying the 2016 over-recovery amounts, the remaining fuel-related costs for 2017 outside of the approved bandwidth were $3 million and are included in "Other" in Alliant Energy's and WPL's regulatory assets table above.

WPL's Retail Fuel-related Rate Filing (2018 Test Year) - In July 2017, WPL filed a request with the PSCW to increase annual rates for WPL's retail electric customers by $6 million, or approximately 1%, in 2018. The increase primarily reflects a change in expected fuel-related costs in 2018, which are expected to be offset by $3 million of over-collections from WPL's 2016 fuel-related costs as discussed above. Any rate changes granted from this request are expected to be effective January 1, 2018.

NOTE 3. PROPERTY, PLANT AND EQUIPMENT

Utility -

Natural Gas-Fired Generation Projects -

IPL's Marshalltown Generating Station - IPL's construction of Marshalltown, an approximate 660 MW natural gas-fired combined-cycle EGU, was completed and the EGU was placed into service in April 2017. As of September 30, 2017, Alliant Energy and IPL recorded total project costs of $643 million and AFUDC of $81 million for Marshalltown in "Property, plant and equipment, net" on their balance sheets.

WPL's West Riverside Energy Center - WPL is currently constructing West Riverside, an approximate 730 MW natural gas-fired combined-cycle EGU. Construction began in 2016 and is currently expected to be completed by early 2020. As of September 30, 2017, Alliant Energy and WPL recorded capitalized expenditures for construction work in progress of $278 million and AFUDC of $9 million for West Riverside in "Property, plant and equipment, net" on their balance sheets. These capital expenditures do not yet reflect any potential impacts from the exercise of purchase options by certain WPL electric cooperatives for a partial ownership interest in West Riverside.

Wind Generation -
IPL’s Expansion of Wind Generation - IPL currently plans to add up to 1,000 MW of new wind projects to its existing generation portfolio. These wind projects are expected to be placed into service in 2019 and 2020. As of September 30, 2017, Alliant Energy and IPL recorded capitalized expenditures for construction work in progress of $184 million and AFUDC of $7 million for this expansion of wind generation in “Property, plant and equipment, net” on their balance sheets.

Table of Contents

Franklin County Wind Farm - Based on an evaluation of the strategic options for the Franklin County wind farm performed in the third quarter of 2016, Alliant Energy concluded, as of September 30, 2016, it was probable the Franklin County wind farm would be transferred to IPL. As a result, Alliant Energy performed an impairment analysis of such assets and recorded non-cash, pre-tax asset valuation charges of $86 million (after-tax charges of $51 million, or $0.23 per share) in the third quarter of 2016. Alliant Energy recorded such charges as a reduction to property, plant and equipment on its balance sheet in 2016 and charges to "Asset valuation charges for Franklin County wind farm" in its income statements for the three and nine months ended September 30, 2016. The proposed settlement for IPL's retail electric rate review (2016 Test Year) included recovery of the transfer price for the Franklin County wind farm.

In April 2017, the Franklin County wind farm was transferred from AEF to IPL as approved by a February 2017 FERC order. IPL's purchase price, including certain transaction-related costs, was $32 million. As of the closing date, the estimated fair values of the assets purchased and liabilities assumed by IPL were as follows (in millions):

Electric plant in service	$40
Current assets	2
Total assets acquired	42
Other liabilities	10
Net assets acquired	$32

WPL's Proposed Acquisition of Forward Wind Energy Center - In October 2017, WPL entered into definitive agreements to acquire the assets of the Forward Wind Energy Center (FWEC), which is a 129 MW wind farm located in Wisconsin. WPL currently expects to acquire 55 MW of FWEC for approximately $74 million. WPL currently expects to file for approval from the PSCW and FERC in the fourth quarter of 2017, with decisions expected by the second quarter of 2018.

Retirement of IPL's Sutherland Units 1 and 3 - In June 2017, IPL retired Sutherland Units 1 and 3 and reclassified the remaining net book value of these EGUs from property, plant and equipment to a regulatory asset on Alliant Energy's and IPL's balance sheets. Refer to Note 2 for further discussion.

NOTE 4. RECEIVABLES

Sales of Accounts Receivable - IPL maintains a Receivables Purchase and Sale Agreement (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. As of September 30, 2017, IPL had $1.5 million of available capacity under its sales of accounts receivable program. For the three and nine months ended September 30, 2017 and 2016, IPL's costs incurred related to the sales of accounts receivable program were not material.

IPL's maximum and average outstanding cash proceeds (based on daily outstanding balances) related to the sales of accounts receivable program for the three and nine months ended September 30 were as follows (in millions):

	Three Months		Nine Months	
	2017	2016	2017	2016
Maximum outstanding aggregate cash proceeds	$112.0	$172.0	$112.0	$172.0
Average outstanding aggregate cash proceeds	66.2	112.3	58.7	91.5

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

	September 30, 2017	December 31, 2016
Customer accounts receivable	$153.6	$157.6

Unbilled utility revenues	89.1	90.4
Other receivables	1.1	0.1
Receivables sold to third party	243.8	248.1
Less: cash proceeds (a)	112.0	21.0
Deferred proceeds	131.8	227.1
Less: allowance for doubtful accounts	16.5	16.0
Fair value of deferred proceeds	$115.3	$211.1

(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.

Table of Contents

As of September 30, 2017, outstanding receivables past due under the Receivables Agreement were $54.1 million. Additional attributes of IPL's receivables sold under the Receivables Agreement for the three and nine months ended September 30 were as follows (in millions):

	Three Months		Nine Months	
	2017	2016	2017	2016
Collections reinvested in receivables	$347.9	$499.7	$1,283.2	$1,362.1
Write-off losses (recoveries), net	3.5	(0.3)	10.4	(0.6)

In connection with the implementation of IPL's new customer billing and information system in 2016, IPL postponed the write-off of customer bills for a portion of 2016, resulting in lower write-offs for the three and nine months ended September 30, 2016.

NOTE 5. INVESTMENTS

NOTE 5(a) Unconsolidated Equity Investments - Equity (income) loss from unconsolidated investments accounted for under the equity method of accounting for the three and nine months ended September 30 was as follows (in millions):

	Alliant Energy				WPL			
	Three Months		Nine Months		Three Months		Nine Months	
	2017	2016	2017	2016	2017	2016	2017	2016
ATC Investment	($10.1)	($9.1)	($32.7)	($28.6)	$—	($9.1)	$—	($28.6)
Other	—	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)	(0.4)	(0.4)
	($10.1)	($9.2)	($32.9)	($28.8)	($0.2)	($9.3)	($0.4)	($29.0)

ATC Investment - On December 31, 2016, pursuant to a June 2016 PSCW order, WPL Transco, LLC was liquidated and WPL transferred its investment in ATC LLC to ATI. As a result, WPL no longer records equity income from its prior investment in ATC LLC. There were no impacts of this transfer to Alliant Energy's consolidated financial statements. As of December 31, 2016, ATI owns Alliant Energy's entire investment in ATC.

Non-regulated Wind Investment in Oklahoma - In July 2017, a wholly-owned subsidiary of AEF acquired a 50% cash equity ownership interest in a 225 MW non-regulated wind farm located in Oklahoma, which started commercial operations in December 2016. The wind farm provides electricity to a third-party under a long-term purchased power agreement. In the third quarter of 2017, Alliant Energy's "Other investments" assets increased $98 million from this acquisition. Alliant Energy will not maintain or operate the wind farm, and provided a parent guarantee of its subsidiary's indemnification obligations under the operating agreement and purchased power agreement. Refer to Note 12(d) for discussion of the guarantee. Alliant Energy accounts for this non-regulated investment under the equity method of accounting, with the related equity (income) loss from unconsolidated investments included in the "Other" line in the above table. In conjunction with the acquisition, in July 2017, AEF entered into a $95 million, 364-day variable-rate term loan credit agreement (with Alliant Energy as guarantor).

NOTE 5(b) Cash Surrender Value of Life Insurance Policies - During the nine months ended September 30, 2016, certain of Alliant Energy's and IPL's company-owned life insurance policies were liquidated. The related proceeds of $31 million and $19 million were recorded in investing activities in Alliant Energy's and IPL's cash flows statements, respectively.

NOTE 6. COMMON EQUITY

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

Shares outstanding, January 1, 2017	227,673,654
At-the-market offering program	3,074,931

Shareowner Direct Plan issuances	496,437
Equity-based compensation plans (Note 9(b))	5,185
Other	(45,847)
Shares outstanding, September 30, 2017	231,204,360

At-the-Market Offering Program - In May 2017, Alliant Energy filed a prospectus supplement under which it could sell up to $125 million of its common stock through an at-the-market offering program. As of September 30, 2017, Alliant Energy issued 3,074,931 shares of common stock through this program and received cash proceeds of $124 million, net of $1 million in commissions and fees. The proceeds from the issuances of common stock were used for general corporate purposes. Alliant Energy currently has no plans to issue any additional common stock through this at-the-market offering program.

Table of Contents

Dividend Restrictions - As of September 30, 2017, IPL's amount of retained earnings that were free of dividend restrictions was $701 million. As of September 30, 2017, WPL's amount of retained earnings that were free of dividend restrictions was $32 million for the remainder of 2017.

Restricted Net Assets of Subsidiaries - As of September 30, 2017, the amount of IPL's and WPL's net assets 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 $1.7 billion and $1.8 billion, respectively.

Comprehensive Income - For the three and nine months ended September 30, 2017 and 2016, 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 nine months ended September 30, 2017 and 2016, 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.

NOTE 7. DEBT

Note 7(a) Short-term Debt - In August 2017, Alliant Energy, IPL and WPL entered into a single new credit facility agreement, which expires in August 2022. The new credit facility agreement includes financial covenants similar to those that were included in the previous credit facility agreements. As of September 30, 2017, the short-term borrowing capacity under the new credit facility agreement totaled $1 billion ($300 million for Alliant Energy at the parent company level, $300 million for IPL and $400 million for WPL). Subject to certain conditions, Alliant Energy (at the parent company level), IPL and WPL may each reallocate and change its initial sublimit up to $500 million, $400 million and $500 million, respectively, within the $1 billion total commitment. Information regarding commercial paper classified as short-term debt was as follows (dollars in millions):

September 30, 2017	Alliant Energy	IPL	WPL
Commercial paper outstanding	$390.3	$4.0	$224.6
Commercial paper weighted average interest rates	1.2%	1.4%	1.1%
Available credit facility capacity (a)	$569.7	$256.0	$175.4

	Alliant Energy		IPL		WPL	
Three Months Ended September 30	2017	2016	2017	2016	2017	2016
Maximum amount outstanding (based on daily outstanding balances)	$424.4	$248.0	$20.0	$3.1	$271.2	$55.4
Average amount outstanding (based on daily outstanding balances)	$386.2	$220.1	$0.4	$0.1	$217.0	$36.4
Weighted average interest rates	1.3%	0.6%	1.4%	0.6%	1.1%	0.4%
Nine Months Ended September 30						
Maximum amount outstanding (based on daily outstanding balances)	$424.4	$248.0	$20.0	$3.1	$271.2	$62.9
Average amount outstanding (based on daily outstanding balances)	$323.9	$210.7	$0.5	$—	$144.2	$33.2
Weighted average interest rates	1.1%	0.6%	1.2%	0.6%	1.0%	0.4%

(a) Alliant Energy's and IPL's available credit facility capacities reflect outstanding commercial paper classified as both short- and long-term debt at September 30, 2017.

In July 2017, AEF entered into a $95 million, 364-day variable-rate (1.8% at September 30, 2017) term loan credit agreement (with Alliant Energy as guarantor) related to the acquisition of a non-regulated wind farm located in Oklahoma, which includes substantially the same financial covenants that are included in Alliant Energy's current credit facility agreement. Refer to Note 5(a) for further discussion of the non-regulated wind farm acquisition.

NOTE 7(b) Long-term Debt - As of September 30, 2017, $40.0 million of commercial paper was recorded in "Long-term debt, net" on Alliant Energy's and IPL's balance sheets due to the existence of a long-term credit facility that back-stops this commercial paper balance, along with Alliant Energy's and IPL's intent and ability to refinance these balances on a long-term basis. As of September 30, 2017, this commercial paper balance had a 1.4% interest rate.

In October 2017, WPL issued $300 million of 3.05% debentures due 2027. The proceeds from the issuance were used by WPL to reduce commercial paper and for general corporate purposes.

Table of Contents

NOTE 8. INCOME TAXES

Income Tax Rates - 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 September 30	2017	2016	2017	2016	2017	2016
Statutory federal income tax rate	35.0 %	35.0 %	35.0 %	35.0 %	35.0 %	35.0 %
Effect of rate-making on property-related differences	(10.1)	(11.9)	(22.6)	(16.5)	(1.9)	(0.7)
IPL’s tax benefit riders	(8.3)	(13.1)	(20.9)	(20.1)	—	—
Production tax credits	(6.2)	(9.0)	(7.0)	(6.0)	(7.0)	(5.7)
Other items, net	2.8	4.4	2.3	5.4	5.5	4.0
Overall income tax rate	13.2 %	5.4 %	(13.2%)	(2.2 %)	31.6%	32.6%

	Alliant Energy		IPL		WPL	
Nine Months Ended September 30	2017	2016	2017	2016	2017	2016
Statutory federal income tax rate	35.0 %	35.0 %	35.0 %	35.0 %	35.0 %	35.0 %
Effect of rate-making on property-related differences	(9.1)	(8.2)	(20.6)	(14.8)	(1.8)	(0.8)
IPL’s tax benefit riders	(8.1)	(10.2)	(20.1)	(19.6)	—	—
Production tax credits	(6.0)	(7.2)	(6.8)	(6.1)	(7.0)	(6.1)
Other items, net	3.1	3.5	2.7	4.2	4.9	4.4
Overall income tax rate	14.9%	12.9 %	(9.8 %)	(1.3 %)	31.1%	32.5%

Deferred Tax Assets and Liabilities - For the nine months ended September 30, 2017, Alliant Energy’s, IPL’s and WPL’s deferred tax liabilities increased $204.5 million, $131.7 million and $63.6 million, respectively. These increases were primarily due to property-related differences recorded during the nine months ended September 30, 2017. Alliant Energy’s and IPL’s increases were partially offset by the generation of federal net operating losses recorded during the nine months ended September 30, 2017, which are primarily due to accelerated tax depreciation associated with Marshalltown.

Carryforwards - At September 30, 2017, carryforwards and expiration dates were estimated as follows (in millions):

	Range of Expiration Dates	Alliant Energy	IPL	WPL
Federal net operating losses	2030-2037	$815	$500	$208
State net operating losses	2018-2037	701	14	2
Federal tax credits	2022-2037	297	110	125

NOTE 9. BENEFIT PLANS

NOTE 9(a) Pension and Other Postretirement Benefits Plans -

Net Periodic Benefit Costs - The components of net periodic benefit costs for sponsored defined benefit pension and OPEB plans for the three and nine months ended September 30 are included in the tables below (in millions). In IPL’s and WPL’s tables below, the defined benefit pension plan amounts represent those respective amounts for their bargaining unit employees covered under the qualified plans that they sponsor, as well as amounts directly assigned to them related to their 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 IPL’s and WPL’s tables below, the OPEB plans amounts represent respective amounts for their employees, as well as amounts directly assigned to them related to their current and former non-bargaining employees who are participants in the Corporate Services sponsored OPEB plan.

	Defined Benefit Pension Plans	OPEB Plans
	Nine Months	

	Three Months				Three Months		Nine Months	
Alliant Energy	2017	2016	2017	2016	2017	2016	2017	2016
Service cost	$3.1	$3.2	$9.3	$9.5	$1.2	$1.4	$3.7	$4.0
Interest cost	12.7	13.2	38.3	39.7	2.2	2.3	6.5	7.0
Expected return on plan assets	(16.3)	(16.3)	(49.1)	(49.1)	(1.5)	(1.6)	(4.6)	(4.6)
Amortization of prior service credit	(0.1)	(0.1)	(0.3)	(0.2)	(0.1)	(1.0)	(0.2)	(3.1)
Amortization of actuarial loss	9.4	9.3	28.2	28.0	1.0	1.2	2.9	3.6
Settlement losses (a)	0.9	—	0.9	—	—	—	—	—
	$9.7	$9.3	$27.3	$27.9	$2.8	$2.3	$8.3	$6.9

19

Table of Contents

	Defined Benefit Pension Plans				OPEB Plans			
	Three Months		Nine Months		Three Months		Nine Months	
IPL	2017	2016	2017	2016	2017	2016	2017	2016
Service cost	$1.8	$1.8	$5.5	$5.6	$0.5	$0.5	$1.6	$1.7
Interest cost	5.9	6.1	17.6	18.4	0.8	1.0	2.6	2.9
Expected return on plan assets	(7.7)	(7.7)	(23.1)	(23.2)	(1.0)	(1.0)	(3.2)	(3.2)
Amortization of prior service credit	—	—	(0.1)	(0.1)	—	(0.7)	—	(2.0)
Amortization of actuarial loss	4.0	4.2	12.1	12.4	0.5	0.7	1.5	2.0
	$4.0	$4.4	$12.0	$13.1	$0.8	$0.5	$2.5	$1.4

Defined Benefit Pension Plans		OPEB Plans
Three Months	Nine Months	Three Months