INTERSTATE POWER & LIGHT CO
Form 10-Q
October 29, 2010
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2010

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
0-4117-1	INTERSTATE POWER AND LIGHT COMPANY (an Iowa corporation)	42-0331370

Alliant Energy Tower
Cedar Rapids, Iowa 52401
Telephone (319)786-4411

0-337 WISCONSIN POWER AND LIGHT COMPANY 39-0714890
(a Wisconsin corporation)
4902 N. Biltmore Lane
Madison, Wisconsin 53718
Telephone (608)458-3311

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 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 x 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).

Alliant Energy Corporation	Yes x	No ¨
Interstate Power and Light Company	Yes ¨	No ¨
Wisconsin Power and Light Company	Yes ¨	No ¨

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

	Large Accelerated Filer	Accelerated Filer	Non-accelerated Filer	Smaller Reporting Company 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 x

Number of shares outstanding of each class of common stock as of September 30, 2010:

Alliant Energy Corporation	Common stock, $0.01 par value, 110,855,025 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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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 expect 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 Corporation (Alliant Energy), Interstate Power and Light Company (IPL) and Wisconsin Power and Light Company (WPL) 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 operating costs, fuel costs, deferred expenditures, capital expenditures, including any construction costs incurred over the predetermined level included in the advanced rate making principles for IPL s Whispering Willow - East wind project, costs related to the remaining 100 megawatts (MW) of Vestas-American Wind Technology, Inc. (Vestas) wind turbine generator sets and related equipment and costs related to generating units that may be permanently closed, the earning of reasonable rates of return, and the payments to their parent of expected levels of dividends;

IPL s potential rate refunds to customers resulting from final rates set by the state commissions that are less than the interim rate increases IPL is currently collecting from its customers;

the state of the economy in IPL s and WPL s service territories and resulting implications on sales, margins and ability to collect unpaid bills;

weather effects on results of operations;

developments that adversely impact their ability to implement their strategic plans including unanticipated issues in connection with construction and operation or regulatory approval of IPL s and WPL s new wind generating facilities, WPL s potential purchases of the Riverside Energy Center (Riverside) and Wisconsin Electric Power Company s (WEPCO s) 25% interest in the Edgewater Generating Station Unit 5 (Edgewater Unit 5), and Alliant Energy s ability to complete the proposed divestiture of its Industrial Energy Applications, Inc. (IEA) business;

successful resolution of the pending challenge to the approval by the Public Service Commission of Wisconsin (PSCW) of WPL s Bent Tree - Phase I wind project;

issues related to the availability of generating facilities and the supply and delivery of fuel and purchased electricity and 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 fuel and fuel-related prices may have on IPL s and WPL s customers demand for utility services;

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;

issues associated with environmental remediation efforts and with environmental compliance generally, including changing environmental laws and regulations;

potential impacts of changing regulations on the ability to utilize already-purchased emission allowances and forward contracts to purchase additional emission allowances;

the ability to defend against environmental claims brought by state and federal agencies, such as the United States of America (U.S.) Environmental Protection Agency (EPA), or third parties, such as the Sierra Club;

the ability to recover through rates all environmental compliance costs, including costs for projects put on hold due to uncertainty of future environmental laws and regulations;

the ability to continue cost controls and operational efficiencies;

potential impacts of any future laws or regulations regarding global climate change or carbon emissions reductions, including those that contain a proposed greenhouse gas (GHG) cap-and-trade program;

continued access to the capital markets on competitive terms and rates;

inflation and interest rates;

financial impacts of risk hedging strategies, including the impact of weather hedges or the absence of weather hedges on earnings;

sales and project execution for RMT, Inc. (RMT), the level of growth in the wind and solar development market and the impact of the American Recovery and Reinvestment Act of 2009 (ARRA), and future legislation;

issues related to electric transmission, including operating in Regional Transmission Organization (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 generating facilities and risks related to recovery of resulting incremental costs through rates;

Alliant Energy s ability to successfully pursue appropriate appeals with respect to, and any liabilities arising out of, the alleged violation of the Employee Retirement Income Security Act of 1974 (ERISA) by Alliant Energy s Cash Balance Pension Plan;

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 additional restructurings;

access to technological developments;

any material post-closing adjustments related to any past asset divestitures;

increased retirement and benefit plan costs;

the impact of necessary accruals for the terms of incentive compensation plans;

the effect of accounting pronouncements issued periodically by standard-setting bodies;

the ability to utilize tax capital losses, 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 ongoing tax audits and appeals with no material impact on earnings and cash flows;

the direct or indirect effects resulting from terrorist incidents or responses to such incidents; and

factors listed in Management s Discussion and Analysis of Financial Condition and Results of Operations and in Item 1A Risk Factors. Alliant Energy, IPL and WPL assume no obligation, and disclaim any duty, to update the forward-looking statements in this report.

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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 Ended September 30,		For the Nine Months Ended September 30,	
	2010	2009	**2010**	2009
	(dollars in millions, except per share amounts)			
Operating revenues:				
Utility:				
Electric	**$ 842.0**	$ 725.3	**$ 2,074.2**	$ 1,901.2
Gas	**46.5**	39.1	**330.9**	361.8
Other	**15.9**	20.1	**48.9**	69.4
Non-regulated	**47.3**	99.5	**129.5**	241.2
Total operating revenues	**951.7**	884.0	**2,583.5**	2,573.6
Operating expenses:				
Utility:				
Electric production fuel and energy purchases	**238.8**	251.5	**642.4**	695.4
Purchased electric capacity	**86.0**	84.8	**221.8**	227.5
Electric transmission service	**77.1**	55.1	**210.5**	172.1
Cost of gas sold	**19.8**	13.9	**204.9**	240.5
Other operation and maintenance	**143.4**	130.0	**446.1**	437.3
Non-regulated operation and maintenance	**40.4**	94.9	**111.7**	228.9
Depreciation and amortization	**75.4**	69.5	**214.9**	200.2
Taxes other than income taxes	**24.2**	24.9	**74.9**	76.2
Total operating expenses	**705.1**	724.6	**2,127.2**	2,278.1
Operating income	**246.6**	159.4	**456.3**	295.5
Interest expense and other:				
Interest expense	**41.9**	42.4	**122.2**	113.8
Loss on early extinguishment of debt		202.8		202.8
Equity income from unconsolidated investments, net	**(9.3)**	(9.5)	**(28.7)**	(27.3)
Allowance for funds used during construction	**(5.0)**	(13.9)	**(14.4)**	(34.7)
Interest income and other	**(0.6)**	(1.2)	**(0.9)**	(4.4)
Total interest expense and other	**27.0**	220.6	**78.2**	250.2
Income (loss) from continuing operations before income taxes	**219.6**	(61.2)	**378.1**	45.3
Income tax expense (benefit)	**64.1**	(22.2)	**121.8**	(26.6)

Income (loss) from continuing operations, net of tax	**155.5**	(39.0)	**256.3**	71.9
Loss from discontinued operations, net of tax	**(1.8)**	(0.7)	**(2.0)**	(0.5)
Net income (loss)	**153.7**	(39.7)	**254.3**	71.4
Preferred dividend requirements of subsidiaries	**4.6**	4.6	**14.0**	14.0
Net income (loss) attributable to Alliant Energy common shareowners	**$ 149.1**	($ 44.3)	**$ 240.3**	$ 57.4
Weighted average number of common shares outstanding (basic) (000s)	**110,469**	110,288	**110,415**	110,257
Earnings per weighted average common share attributable to Alliant Energy common shareowners (basic):				
Income (loss) from continuing operations, net of tax	**$ 1.37**	($ 0.40)	**$ 2.19**	$ 0.52
Loss from discontinued operations, net of tax	**(0.02)**		**(0.02)**	
Net income (loss)	**$ 1.35**	($ 0.40)	**$ 2.17**	$ 0.52
Weighted average number of common shares outstanding (diluted) (000s)	**110,544**	110,288	**110,495**	110,340
Earnings per weighted average common share attributable to Alliant Energy common shareowners (diluted):				
Income (loss) from continuing operations, net of tax	**$ 1.37**	($ 0.40)	**$ 2.19**	$ 0.52
Loss from discontinued operations, net of tax	**(0.02)**		**(0.02)**	
Net income (loss)	**$ 1.35**	($ 0.40)	**$ 2.17**	$ 0.52
Amounts attributable to Alliant Energy common shareowners:				
Income (loss) from continuing operations, net of tax	**$ 150.9**	($ 43.6)	**$ 242.3**	$ 57.9
Loss from discontinued operations, net of tax	**(1.8)**	(0.7)	**(2.0)**	(0.5)
Net income (loss) attributable to Alliant Energy common shareowners	**$ 149.1**	($ 44.3)	**$ 240.3**	$ 57.4
Dividends declared per common share	**$ 0.395**	$ 0.375	**$ 1.185**	$ 1.125

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

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ALLIANT ENERGY CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

ASSETS	September 30, 2010	December 31, 2009
	(in millions)	
Property, plant and equipment:		
Utility:		
Electric plant in service	**$ 7,421.2**	$ 7,037.7
Gas plant in service	**822.7**	798.1
Other plant in service	**526.3**	522.0
Accumulated depreciation	**(3,027.2)**	(2,909.5)
Net plant	**5,743.0**	5,448.3
Construction work in progress:		
Bent Tree - Phase I wind project (Wisconsin Power and Light Company)	**354.8**	165.5
Lansing Generating Station Unit 4 emission controls (Interstate Power and Light Company)		137.0
Other	**112.5**	101.5
Other, less accumulated depreciation	**78.8**	67.3
Total utility	**6,289.1**	5,919.6
Non-regulated and other:		
Non-regulated Generation, less accumulated depreciation	**120.0**	123.0
Alliant Energy Corporate Services, Inc. and other, less accumulated depreciation	**147.8**	150.3
Total non-regulated and other	**267.8**	273.3
Total property, plant and equipment	**6,556.9**	6,192.9
Current assets:		
Cash and cash equivalents	**137.0**	175.3
Accounts receivable:		
Customer, less allowance for doubtful accounts	**139.3**	246.9
Unbilled utility revenues	**59.4**	169.0
Other, less allowance for doubtful accounts	**175.9**	86.0
Income tax refunds receivable	**136.2**	169.7
Production fuel, at weighted average cost	**128.2**	140.2
Materials and supplies, at weighted average cost	**62.9**	53.5
Gas stored underground, at weighted average cost	**49.0**	44.8
Regulatory assets	**146.8**	154.4
Derivative assets	**30.6**	23.7
Assets held for sale	**6.5**	14.4
Other	**95.8**	112.1
Total current assets	**1,167.6**	1,390.0
Investments:		
Investment in American Transmission Company LLC	**225.5**	218.6

Other	**61.7**	62.9
Total investments	**287.2**	281.5
Other assets:		
Regulatory assets	**1,074.4**	999.3
Deferred charges and other	**139.7**	172.3
Total other assets	**1,214.1**	1,171.6
Total assets	**$ 9,225.8**	$ 9,036.0

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

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ALLIANT ENERGY CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED) (Continued)

CAPITALIZATION AND LIABILITIES	September 30, 2010	December 31, 2009
	(in millions, except per share and share amounts)	
Capitalization:		
Alliant Energy Corporation common equity:		
Common stock - $0.01 par value - 240,000,000 shares authorized; 110,855,025 and 110,656,498 shares outstanding	**$ 1.1**	$ 1.1
Additional paid-in capital	**1,504.8**	1,499.1
Retained earnings	**1,391.1**	1,281.7
Accumulated other comprehensive loss	**(1.7)**	(1.4)
Shares in deferred compensation trust - 244,210 and 262,161 shares at a weighted average cost of $30.68 and $30.25 per share	**(7.5)**	(7.9)
Total Alliant Energy Corporation common equity	**2,887.8**	2,772.6
Cumulative preferred stock of Interstate Power and Light Company	**183.8**	183.8
Noncontrolling interest	**2.0**	2.1
Total equity	**3,073.6**	2,958.5
Cumulative preferred stock of Wisconsin Power and Light Company	**60.0**	60.0
Long-term debt, net (excluding current portion)	**2,703.8**	2,404.5
Total capitalization	**5,837.4**	5,423.0
Current liabilities:		
Current maturities of long-term debt	**1.4**	101.5
Commercial paper		190.0
Accounts payable	**295.1**	331.9
Regulatory liabilities	**83.3**	102.7
Accrued taxes	**36.1**	77.7
Accrued interest	**46.8**	51.1
Derivative liabilities	**93.0**	100.5
Liabilities held for sale	**3.6**	3.8
Other	**132.6**	117.4
Total current liabilities	**691.9**	1,076.6
Other long-term liabilities and deferred credits:		
Deferred income taxes	**1,384.8**	1,184.3
Regulatory liabilities	**741.7**	734.1
Pension and other benefit obligations	**338.8**	323.9
Other	**231.2**	294.1
Total long-term liabilities and deferred credits	**2,696.5**	2,536.4
Total capitalization and liabilities	**$ 9,225.8**	$ 9,036.0

The accompanying 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 Nine Months Ended September 30, **2010**	2009
	(in millions)	
Cash flows from operating activities:		
Net income	**$ 254.3**	$ 71.4
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	**215.9**	201.7
Other amortizations	**37.1**	32.9
Deferred tax expense and investment tax credits	**177.6**	88.5
Loss on early extinguishment of debt		202.8
Equity income from unconsolidated investments, net	**(28.7)**	(27.3)
Distributions from equity method investments	**24.5**	22.4
Equity component of allowance for funds used during construction	**(8.8)**	(26.9)
Other	**10.9**	8.7
Other changes in assets and liabilities:		
Accounts receivable	**23.0**	139.5
Sales of accounts receivable	**100.0**	35.0
Income tax refunds receivable	**33.5**	(134.5)
Production fuel	**12.0**	(27.7)
Gas stored underground	**(4.2)**	24.7
Regulatory assets	**(108.4)**	(147.7)
Prepaid gas costs	**(13.6)**	18.1
Accounts payable	**(12.1)**	(57.2)
Regulatory liabilities	**18.6**	78.7
Accrued taxes	**(40.9)**	(13.6)
Deferred income taxes	**20.9**	69.7
Non-current taxes payable	**(66.8)**	57.1
Pension and other benefit obligations	**14.9**	(44.5)
Other	**35.9**	18.7
Net cash flows from operating activities	**695.6**	590.5
Cash flows used for investing activities:		
Construction and acquisition expenditures:		
Utility business	**(587.6)**	(900.2)
Alliant Energy Corporate Services, Inc. and non-regulated businesses	**(22.4)**	(44.0)
Purchases of emission allowances	**(9.1)**	
Advances for customer energy efficiency projects	**(11.3)**	(19.8)
Collections of advances for customer energy efficiency projects	**25.9**	53.9
Insurance proceeds received for property damages		37.7
Other	**(2.0)**	(10.8)
Net cash flows used for investing activities	**(606.5)**	(883.2)
Cash flows from (used for) financing activities:		
Common stock dividends	**(130.9)**	(124.1)
Preferred dividends paid by subsidiaries	**(14.0)**	(14.0)

Proceeds from issuance of long-term debt		**500.0**		550.2
Payments to retire long-term debt		**(307.1)**		(377.0)
Net change in short-term borrowings		**(190.0)**		83.9
Other		**14.6**		3.5
Net cash flows from (used for) financing activities		**(127.4)**		122.5
Net decrease in cash and cash equivalents		**(38.3)**		(170.2)
Cash and cash equivalents at beginning of period		**175.3**		346.9
Cash and cash equivalents at end of period	**$**	**137.0**	$	176.7
Supplemental cash flows information:				
Cash paid (refunded) during the period for:				
Interest, net of capitalized interest	**$**	**125.4**	$	114.7
Income taxes, net of refunds	**($**	**6.4)**	($	76.4)
Significant noncash investing and financing activities:				
Accrued capital expenditures	**$**	**38.0**	$	57.9
Capital lease obligations incurred	**$**		$	5.2

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

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ALLIANT ENERGY CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) General - The interim condensed consolidated financial statements included herein have been prepared by Alliant Energy, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Accordingly, certain information and note disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the U.S. (GAAP) have been condensed or omitted, although management believes that the disclosures are adequate to make the information presented not misleading. The condensed consolidated financial statements include Alliant Energy and its consolidated subsidiaries (including IPL, WPL, Alliant Energy Resources, LLC (Resources) and Alliant Energy Corporate Services, Inc. (Corporate Services)). These financial statements should be read in conjunction with the financial statements and the notes thereto included in Alliant Energy s, IPL s and WPL s 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 condensed consolidated results of operations for the three and nine months ended Sep. 30, 2010 and 2009, the condensed consolidated financial position at Sep. 30, 2010 and Dec. 31, 2009, and the condensed consolidated statements of cash flows for the nine months ended Sep. 30, 2010 and 2009 have been made. Results for the three and nine months ended Sep. 30, 2010 are not necessarily indicative of results that may be expected for the year ending Dec. 31, 2010. A change in management s estimates or assumptions could have a material impact on Alliant Energy s financial condition and results of operations during the period in which such change occurred. Certain prior period amounts have been reclassified on a basis consistent with the current period financial statement presentation. Unless otherwise noted, the notes herein have been revised to exclude discontinued operations for all periods presented.

(b) Regulatory Assets and Liabilities -

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

	Alliant Energy		IPL		WPL	
	Sep. 30, 2010	Dec. 31, 2009	**Sep. 30, 2010**	Dec. 31, 2009	**Sep. 30, 2010**	Dec. 31, 2009
Pension and other postretirement benefits	**$ 465.2**	$ 466.4	**$ 245.7**	$ 244.1	**$ 219.5**	$ 222.3
Tax-related	**383.2**	322.7	**366.2**	310.9	**17.0**	11.8
Derivatives	**116.1**	116.3	**49.6**	51.2	**66.5**	65.1
Asset retirement obligations	**49.5**	47.1	**33.5**	32.4	**16.0**	14.7
Environmental-related	**40.4**	40.6	**34.0**	34.1	**6.4**	6.5
Proposed base-load projects	**29.2**	37.0	**20.3**	24.3	**8.9**	12.7
IPL s electric transmission service costs	**25.1**		**25.1**			
Debt redemption costs	**24.2**	18.8	**16.9**	11.1	**7.3**	7.7
Proposed clean air compliance projects	**17.6**	19.3	**9.0**	9.0	**8.6**	10.3
Wholesale customer recovery	**16.4**	7.7	**3.7**	1.2	**12.7**	6.5
WPL s benefits costs	**9.6**	12.0			**9.6**	12.0
IPL s flood-related costs	**6.7**	8.0	**6.7**	8.0		
WPL s Midwest Independent Transmission System Operator (MISO)-related costs	**1.3**	5.0			**1.3**	5.0
Other	**36.7**	52.8	**8.1**	17.5	**28.6**	35.3
	$ 1,221.2	$ 1,153.7	**$ 818.8**	$ 743.8	**$ 402.4**	$ 409.9

Pension and other postretirement benefits - Refer to Note 6(a) for information regarding changes in postretirement benefit obligations in 2010 due to the health care legislation enacted in March 2010. In accordance with regulatory authorizations, these changes in postretirement benefit obligations resulted in comparable changes to regulatory assets on Alliant Energy s, IPL s and WPL s Condensed Consolidated Balance Sheets during 2010.

Tax-related - Refer to Note 5 for information regarding a change in tax accounting method for repairs expenditures and the tax method for allocating flood insurance proceeds, which contributed to a material increase in tax-related regulatory assets on Alliant Energy s and IPL s Condensed Consolidated Balance Sheets during 2010.

Derivatives - Refer to Note 11(a) for information regarding changes in the fair value of derivative liabilities in 2010. In accordance with fuel and natural gas recovery mechanisms, which allow prudently incurred costs from derivative instruments

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to be recovered from customers in the future when any losses are realized, the changes in the fair value of derivative liabilities resulted in comparable changes to regulatory assets on Alliant Energy s, IPL s and WPL s Condensed Consolidated Balance Sheets during 2010.

IPL s electric transmission service costs - For the nine months ended Sep. 30, 2010, IPL incurred $35 million of electric transmission service costs billed by ITC Midwest LLC (ITC) under the Attachment O rate for ITC s under-recovered 2008 costs. In January 2010, the Iowa Utilities Board (IUB) issued an order authorizing IPL to defer the Iowa retail portion of these costs and amortize the deferred costs over a five-year period. The IUB also authorized IPL to use $46 million of regulatory liabilities from its 2007 electric transmission assets sale to offset these deferred costs as they are amortized. For the nine months ended Sep. 30, 2010, $32 million (portion allocated to Iowa retail customers) of Attachment O costs were deferred by IPL and recognized as a regulatory asset. For the nine months ended Sep. 30, 2010, $7 million of this regulatory asset was amortized with an equal and offsetting amount of amortization for IPL s regulatory liability related to its electric transmission assets sale.

Debt redemption costs - Refer to Note 8(b) for additional details of $6 million of debt repayment premiums incurred in the third quarter of 2010 for the early retirement of IPL s $200 million 6.75% senior debentures due 2011. In accordance with regulatory authorizations, these debt repayment premiums were deferred by IPL and recognized as regulatory assets.

Proposed clean air compliance costs - In May 2010, WPL received an order from the PSCW authorizing the installation of a selective catalytic reduction (SCR) system at Edgewater Unit 5 to reduce nitrogen oxide (NOx) emissions at the facility. Upon regulatory approval of the project, $4 million of project costs incurred to-date including all pre-construction expenditures and the wholesale portion of deferred preliminary survey and investigation charges were transferred from Regulatory assets to Construction work in progress on Alliant Energy s and WPL s Condensed Consolidated Balance Sheets in the second quarter of 2010.

Wholesale customer recovery - IPL and WPL accrue revenues from their wholesale customers to the extent that the actual net revenue requirements calculated in accordance with Federal Energy Regulatory Commission (FERC)-approved formula rates for the reporting period are higher than the amounts billed to wholesale customers during such period. In accordance with authoritative guidance, regulatory assets are recorded as the offset for these accrued revenues under formulaic rate making programs. IPL s estimated recovery amount is recorded in the current period of service and is reflected in customer bills within two years under the provisions of approved formula rates. WPL s estimated recovery amount is recorded in the current period of service and subject to final adjustments after a customer audit period in the subsequent year. Final settled recovery amounts are reflected in WPL s customer bills within two years under the provisions of approved formula rates.

In August 2009, WPL filed a request with FERC seeking approval of changes to WPL s wholesale formula rates in order to implement for billing purposes the full impact of accounting for defined benefit postretirement plans. In July 2010, FERC approved a settlement agreement reached between WPL and the wholesale customers regarding the formula rate change. WPL recorded an additional $4 million of electric revenues and regulatory assets in the first quarter of 2010 to reflect the settlement and is reducing the regulatory asset concurrently with collections from customers.

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

	Alliant Energy		IPL		WPL	
	Sep. 30, 2010	Dec. 31, 2009	**Sep. 30, 2010**	Dec. 31, 2009	**Sep. 30, 2010**	Dec. 31, 2009
Cost of removal obligations	**$ 398.9**	$ 402.9	**$ 258.5**	$ 259.9	**$ 140.4**	$ 143.0
Tax-related	**210.4**	178.5	**198.3**	166.3	**12.1**	12.2
IPL electric transmission assets sale	**73.7**	83.6	**73.7**	83.6		
IPL Duane Arnold Energy Center (DAEC) sale	**43.5**	47.0	**43.5**	47.0		
Emission allowances	**37.9**	53.4	**36.9**	47.2	**1.0**	6.2
Derivatives	**24.8**	25.4	**15.9**	13.2	**8.9**	12.2
Commodity cost recovery	**24.6**	26.2	**18.4**	22.0	**6.2**	4.2
Other	**11.2**	19.8	**4.1**	5.5	**7.1**	14.3
	$ 825.0	$ 836.8	**$ 649.3**	$ 644.7	**$ 175.7**	$ 192.1

Tax-related - Refer to Note 5 for information regarding a change in tax accounting method for repairs expenditures and the tax method for allocating flood insurance proceeds, which contributed to a material increase in tax-related regulatory liabilities on Alliant Energy s and IPL s

Condensed Consolidated Balance Sheets during 2010.

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IPL electric transmission assets sale - In June 2010, the Minnesota Public Utilities Commission (MPUC) issued an interim rate order authorizing IPL to use a portion of this regulatory liability to implement an alternative transaction adjustment (ATA) through its energy adjustment clause resulting in annual refunds of $2 million to its Minnesota retail electric customers beginning in July 2010 to coincide with the effective date of the interim rate increase for Minnesota retail customers. For the nine months ended Sep. 30, 2010, IPL has refunded $0.5 million to its Minnesota retail electric customers under the ATA.

Derivatives - Refer to Note 11(a) for information regarding changes in the fair value of derivative assets in 2010. In accordance with fuel and natural gas recovery mechanisms, which require gains from derivative instruments to be refunded to customers in the future when any gains are realized, the changes in the fair value of derivative assets resulted in comparable changes to regulatory liabilities on Alliant Energy s, IPL s and WPL s Condensed Consolidated Balance Sheets during 2010.

Commodity cost recovery - Refer to Note 2 for discussion of certain rate refund reserves recorded as regulatory liabilities on Alliant Energy s and WPL s Condensed Consolidated Balance Sheets related to the commodity cost recovery mechanism used to determine WPL s retail electric rates.

(c) Utility Property, Plant and Equipment -

Electric Plant in Service -

IPL s Sixth Street Generating Station (Sixth Street) - Sixth Street was shut down in June 2008 as a result of significant damage caused by severe flooding in downtown Cedar Rapids. IPL completed its evaluation of the future viability of the generating facility and currently does not expect to rebuild electric operations at Sixth Street. Based on its current expectations for the generating facility, IPL recognized a $4 million impairment in the second quarter of 2010 related to the assets of Sixth Street that were previously recorded in construction work in progress. This impairment was recorded in Utility - other operation and maintenance in Alliant Energy s and IPL s Condensed Consolidated Statements of Income for the nine months ended Sep. 30, 2010. The remaining assets for electric operations at Sixth Street are expected to be retired later in 2010 pending approval from MISO. As of Sep. 30, 2010, Alliant Energy and IPL had $48 million recorded in Electric plant in service and $25 million recorded in Utility accumulated depreciation on their Condensed Consolidated Balance Sheets for these remaining assets. IPL is requesting recovery of and on its $23 million of remaining net assets for Sixth Street as well as the $4 million of Sixth Street assets impaired in the second quarter of 2010 during its current retail rate cases in Iowa and Minnesota. IPL expects decisions on these requests from the IUB in late 2010 and from the MPUC in 2011.

Construction Work in Progress -

WPL s Bent Tree Wind Project - In March 2009, WPL acquired approximately 400 MW of wind site capacity in Freeborn County, Minnesota, referred to as the Bent Tree wind project. The initial 200 MW of the wind project began construction in April 2010 and is expected to take up to 12 months to complete. Future development of the balance of the wind project will depend on numerous factors such as renewable portfolio standards, availability of wind turbines and transmission capabilities.

In 2009, WPL received approval from the MPUC and PSCW to construct the initial 200 MW of the wind project. As of Sep. 30, 2010, WPL incurred capitalized expenditures of $344 million and recognized $11 million of allowance for funds used during construction (AFUDC) related to the 200 MW wind project. The capitalized expenditures and AFUDC are recorded in Construction work in progress - Bent Tree - Phase I wind project on Alliant Energy s and WPL s Condensed Consolidated Balance Sheets. The $344 million of capitalized expenditures primarily includes payments to Vestas for 200 MW of wind turbine generator sets and related equipment (including $146 million and $98 million of payments to Vestas in 2009 and the nine months ended Sep. 30, 2010, respectively).

Lansing Generating Station Unit 4 (Lansing Unit 4) Emission Controls - In July 2010, IPL completed the installation of an SCR system and baghouse at Lansing Unit 4 to reduce NOx and mercury emissions, respectively, at the generating facility. As of Sep. 30, 2010, Alliant Energy and IPL had incurred capitalized expenditures of $91 million and recognized $6 million of AFUDC for the SCR system and had incurred capitalized expenditures of $87 million and recognized $3 million of AFUDC for the baghouse at Lansing Unit 4. In the third quarter of 2010, the capitalized project costs were transferred from Construction work in progress - Lansing Generating Station Unit 4 emission controls to Electric plant in service on Alliant Energy s and IPL s Condensed Consolidated Balance Sheets. The capitalized costs for the project are being depreciated using a straight-line method of depreciation over a 25-year period.

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Edgewater Unit 5 Emission Controls - In the third quarter of 2010, WPL began construction on the installation of an SCR system at Edgewater Unit 5 to reduce NOx emissions at the generating facility. As of Sep. 30, 2010, Alliant Energy and WPL recorded $10 million of capitalized expenditures related to this project in Construction work in progress - other on Alliant Energy s and WPL s Condensed Consolidated Balance Sheets.

AFUDC - The amount of AFUDC generated by equity and debt components for the three and nine months ended Sep. 30 was as follows (in millions):

	Alliant Energy		IPL		WPL	
	2010	2009	**2010**	2009	**2010**	2009
Three Months Ended Sep. 30						
Equity	**$ 3.1**	$ 10.8	**$ 0.7**	$ 9.9	**$ 2.4**	$ 0.9
Debt	**1.9**	3.1	**0.4**	2.7	**1.5**	0.4
	$ 5.0	$ 13.9	**$ 1.1**	$ 12.6	**$ 3.9**	$ 1.3
Nine Months Ended Sep. 30						
Equity	**$ 8.8**	$ 26.9	**$ 2.6**	$ 24.9	**$ 6.2**	$ 2.0
Debt	**5.6**	7.8	**2.2**	6.9	**3.4**	0.9
	$ 14.4	$ 34.7	**$ 4.8**	$ 31.8	**$ 9.6**	$ 2.9

IPL recognized $21 million of AFUDC for the nine months ended Sep. 30, 2009 for its Whispering Willow - East wind project, which was placed in service in the fourth quarter of 2009. WPL recognized $8 million of AFUDC for the nine months ended Sep. 30, 2010 for its Bent Tree - Phase I wind project.

(d) Non-regulated and Other Property, Plant and Equipment -

Resources Cedar River Railroad Bridge Grant - Resources railroad bridge over the Cedar River was severely damaged by flooding in 2008. Resources completed reconstruction of the bridge in July 2009. Costs incurred by Resources for clean up and reconstruction of the bridge due to the flood damage were $9 million. In July 2010, Resources received a $7 million grant from the Federal Railroad Administration to reimburse Resources for the majority of the costs to replace the bridge. The grant amount was primarily recorded as a reduction to Property, plant and equipment - Alliant Energy Corporate Services, Inc. and other on Alliant Energy s Condensed Consolidated Balance Sheet as of Sep. 30, 2010 and as a cash inflow in investing activities in Alliant Energy s Condensed Consolidated Statement of Cash flows for the nine months ended Sep. 30, 2010.

(e) New Accounting Pronouncements -

Variable Interest Entities (VIEs)

In June 2009, the Financial Accounting Standards Board (FASB) issued authoritative guidance changing the approach to determine a VIE s primary beneficiary and requiring ongoing assessments of whether an enterprise is the primary beneficiary of a VIE. This guidance also requires additional disclosures about a company s involvement with VIEs and any significant changes in risk exposure due to that involvement. Alliant Energy, IPL and WPL adopted this guidance on Jan. 1, 2010 with no material impact on their financial condition and results of operations. Refer to Note 17 for disclosures about VIEs.

Transfers of Financial Assets

In June 2009, the FASB issued authoritative guidance requiring additional disclosures about transfers of financial assets, including securitization transactions, and where companies have continuing exposure to the risks related to transferred financial assets. This guidance also eliminates the concept of a qualifying special-purpose entity and changes the requirements for derecognizing financial assets. Alliant Energy, IPL and WPL adopted this guidance on Jan. 1, 2010. WPL did not transfer any financial assets during the nine months ended Sep. 30, 2010, therefore the adoption of this guidance did not have a material impact on its financial condition and results of operations. Alliant Energy and IPL transferred financial assets during the second and third quarters of 2010. Refer to Note 4(a) for disclosures about these transfers of financial assets and modifications to IPL s sales of receivables program effective April 2010 that resulted in transactions under IPL s new sales of receivables program being accounted for as transfers of financial assets.

(2) UTILITY RATE CASES

IPL s Minnesota Retail Electric Rate Case (2009 Test Year) - In May 2010, IPL filed a request with the MPUC to increase annual rates for its Minnesota retail electric customers by $15 million, or approximately 22%. The request was based on a 2009 historical test year as adjusted for certain known and measurable items at the time of the filing. The key drivers for the filing include recovery of investments in the Whispering Willow - East wind project and emission control projects at Lansing Unit 4, and recovery of increased electric transmission service costs. In conjunction with the filing, IPL

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implemented an interim retail rate increase of $14 million, on an annual basis, effective in July 2010. The interim retail rate increase was approved by the MPUC and is subject to refund pending determination of final rates from the request. As of Sep. 30, 2010, Alliant Energy and IPL did not believe any refunds related to the interim rate increase for IPL s Minnesota retail electric customers were probable and reasonably estimable and therefore no rate refund reserves were recorded.

IPL s Iowa Retail Electric Rate Case (2009 Test Year) - In March 2010, IPL filed a request with the IUB to increase annual rates for its Iowa retail electric customers by $163 million, or approximately 14%. The request was based on a 2009 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 include recovery of investments in the Whispering Willow - East wind project and emission control projects at Lansing Unit 4, and recovery of increased electric transmission service costs. In conjunction with the filing, IPL implemented an interim retail electric rate increase of $119 million, on an annual basis, effective in March 2010 without regulatory review and subject to refund pending determination of final rates from the request.

In September 2010, IPL filed rebuttal testimony with the IUB and revised its request for an annual retail electric rate increase to $150 million, or approximately 13%. The primary differences between IPL s original request in March 2010 and its rebuttal position filed in September 2010 relates to a reduction in depreciation expense for its Lansing Unit 4 emission control projects and a reduction in debt costs resulting from the refinancing of $200 million of IPL s long-term debt in the third quarter of 2010. As of Sep. 30, 2010, Alliant Energy and IPL did not believe any refunds related to the interim rate increase for IPL s Iowa retail electric customers were probable and reasonably estimable and therefore no rate refund reserves were recorded.

IPL s Iowa Retail Electric Rate Case (2008 Test Year) - In March 2009, IPL filed a request with the IUB to increase annual rates for its Iowa retail electric customers. The request was based on a 2008 historical test year as adjusted for certain known and measurable changes occurring up to 12 months after the commencement of the proceeding. In conjunction with the filing, IPL implemented an interim retail electric rate increase of $84 million, on an annual basis, effective in March 2009. In January 2010, IPL received an order from the IUB authorizing final rates equivalent to the interim rate increase.

WPL s Retail Electric Rate Case (2011 Test Year) - In April 2010, WPL filed a request with the PSCW to reopen the rate order for its 2010 test year to increase annual retail electric rates for 2011 by $35 million, or approximately 4%. The request was based on a forward-looking test period that included 2011. The key drivers for the filing include recovery of investments in WPL s Bent Tree - Phase I wind project and expiring deferral credits, partially offset by lower variable fuel expenses.

In August 2010, WPL revised its request for an annual retail electric rate increase to $19 million, or approximately 2%. The primary differences between WPL s original request in April 2010 and its revised request filed in August 2010 relates to reduced variable fuel expenses, increased wind generation production tax credits and the impact of the $9 million annual rate increase implemented in June 2010 with the interim order in WPL s 2010 test year retail fuel-related rate filing, which is discussed below. Any rate changes granted are expected to be effective on Jan. 1, 2011.

WPL s Retail Rate Case (2010 Test Year) - In December 2009, WPL received an order from the PSCW authorizing an annual retail electric rate increase of $59 million, or approximately 6%, and an annual retail natural gas rate increase of $6 million, or approximately 2%, effective January 2010.

WPL s Retail Fuel-related Rate Case (2010 Test Year) - In April 2010, WPL filed a request with the PSCW to increase annual retail electric rates by $9 million to recover anticipated increased electric production fuel and energy purchases (fuel-related costs) in 2010. Actual fuel-related costs through March 2010, combined with projections of continued higher fuel-related costs for the remainder of 2010, significantly exceeded the amounts being recovered in retail electric rates at the time of the filing. WPL received approval from the PSCW to implement interim rates of $9 million, on an annual basis, effective in June 2010. The interim retail rate increase is subject to refund pending determination of final rates from the request. Updated annual 2010 fuel-related costs are currently projected at a level where both WPL and PSCW staff believe WPL no longer qualifies for a fuel-related rate increase for 2010. As of Sep. 30, 2010, Alliant Energy and WPL reserved the interim fuel-related rate increase collected from retail customers during June 2010 through September 2010 totaling $3 million, including interest, for refunds anticipated to be paid to WPL s retail electric customers related to this interim retail rate increase.

WPL s Retail Fuel-related Rate Case (2009 Test Year) - Retail fuel-related costs incurred by WPL during the period from Sep. 1, 2009 through Dec. 31, 2009 were lower than retail fuel-related costs used to determine rates during such period resulting in refunds owed to its retail electric customers. In April 2010, WPL received approval from the PSCW to refund $4 million to its retail electric customers for retail fuel over collections for the period from Sep. 1, 2009 through Dec. 31, 2009. In the second quarter of 2010, WPL refunded $4 million, including interest, to its retail electric customers.

Refer to Note 1(b) for discussion of various other rate matters.

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(3) COMPREHENSIVE INCOME (LOSS)

Alliant Energy s comprehensive income (loss) and the components of other comprehensive income (loss), net of taxes, for the three and nine months ended Sep. 30 were as follows (in millions):

	Three Months		Nine Months	
	2010	2009	**2010**	2009
Net income (loss)	**$ 153.7**	($ 39.7)	**$ 254.3**	$ 71.4
Other comprehensive income (loss), net of tax:				
Unrealized holding gains (losses) on securities, net of tax	**(0.2)**	0.4	**(0.4)**	0.5
Less: reclassification adjustment for gains included in net income (loss), net of tax				0.1
Net unrealized gains (losses) on securities, net of tax	**(0.2)**	0.4	**(0.4)**	0.4
Pension and other postretirement benefits plans adjustments, net of tax	**0.8**		**0.1**	
Total other comprehensive income (loss)	**0.6**	0.4	**(0.3)**	0.4
Comprehensive income (loss)	**154.3**	(39.3)	**254.0**	71.8
Preferred dividend requirements of subsidiaries	**(4.6)**	(4.6)	**(14.0)**	(14.0)
Comprehensive income (loss) attributable to Alliant Energy common shareowners	**$ 149.7**	($ 43.9)	**$ 240.0**	$ 57.8

For the three and nine months ended Sep. 30, 2010 and 2009, IPL and WPL had no other comprehensive income; therefore their comprehensive income was equal to their earnings available for common stock for such periods.

(4) RECEIVABLES

(a) Sales of Accounts Receivable - Effective April 1, 2010, IPL entered into an amended and restated Receivables Purchase and Sale Agreement (Agreement) whereby it may sell its customer accounts receivables, unbilled revenues and certain other accounts receivables to a third-party financial institution through wholly-owned and consolidated special purpose entities. The purchase commitment from the third-party financial institution expires in March 2011. IPL accounts for sales of receivables under the Agreement as transfers of financial assets. In exchange for the receivables sold, IPL will receive from the third-party financial institution cash proceeds (based on seasonal limits up to $160 million), and deferred proceeds recorded in Accounts receivable - other on Alliant Energy s and IPL s Condensed Consolidated Balance Sheets. IPL makes monthly payments to the third-party financial institution of an amount that varies based on interest rates, the length of time the cash proceeds remain outstanding and the total amount under commitment by the third-party financial institution. IPL has historically used proceeds from the sales of receivables to maintain flexibility in its capital structure, take advantage of favorable short-term rates and finance a portion of its cash needs.

Deferred proceeds are payable by the third-party financial institution solely from the collections of the receivables, but only after paying any required expenses to the third-party financial institution and the collection agent. Corporate Services acts as collection agent for the third-party financial institution and receives a fee for collection services. IPL believes that the allowance for doubtful accounts related to its sales of receivables is a reasonable approximation of any credit risk of the customers that generated the receivables. Therefore, the carrying amount of deferred proceeds, after being reduced by the allowance for doubtful accounts, approximates the fair value of the deferred proceeds due to the short-term nature of the collection period. The carrying amount of deferred proceeds represents IPL s maximum exposure to loss related to the receivables sold.

As of Sep. 30, 2010 and Dec. 31, 2009, IPL sold $216.5 million and $0 aggregate amounts of receivables, respectively. IPL s maximum and average outstanding cash proceeds, and costs incurred related to the sales of receivables program for the three and nine months ended Sep. 30 were as follows (in millions):

	Three Months		Nine Months	
	2010	2009	**2010**	2009
Maximum outstanding aggregate cash proceeds (based on daily outstanding balances)	**$ 155.0**	$ 140.0	**$ 160.0**	$ 170.0
Average outstanding aggregate cash proceeds (based on daily outstanding balances)	**89.3**	92.0	**76.0**	118.9
Costs incurred	**0.3**	0.5	**1.0**	1.7

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As of Sep. 30, 2010, the attributes of IPL s receivables sold under the Agreement were as follows (in millions):

Customer accounts receivable	$ 145.1
Unbilled utility revenues	63.8
Other receivables	7.6
Receivables sold	216.5
Less: cash proceeds (a)	100.0
Deferred proceeds	116.5
Less: allowance for doubtful accounts	1.9
Fair value of deferred proceeds	$ 114.6
Outstanding receivables past due	$ 15.9

(a) Recorded in Sales of accounts receivable in operating activities in Alliant Energy s and IPL s Condensed Consolidated Statements of Cash Flows.

Additional attributes of IPL s receivables sold under the Agreement for the three and nine months ended Sep. 30, 2010 were as follows (in millions):

	Three Months	Nine Months
Collections reinvested in receivables	$ 518.4	$ 925.5
Credit losses, net of recoveries	3.1	4.9

Refer to Note 1(e) for discussion of a new accounting pronouncement impacting accounting for transfers of financial assets.

(b) Cash Collateral - IPL, WPL and Corporate Services have entered into numerous agreements for commodities and electric transmission service to serve IPL s and WPL s utility customers. Certain of these agreements contain provisions that may require IPL, WPL and Corporate Services to provide cash collateral to their counterparties. Exposure under one of these agreements as of Dec. 31, 2009 exceeded contractual limits, requiring WPL to provide $2 million of cash collateral to a counterparty. The cash collateral was recorded in Accounts receivable - other on Alliant Energy s and WPL s Condensed Consolidated Balance Sheets at Dec. 31, 2009. The cash collateral was returned to WPL in the first half of 2010.

(5) INCOME TAXES

Income Tax Rates - The provision for income taxes for earnings from continuing operations is based on an estimated annual effective tax rate that excludes the impact of significant unusual or infrequently occurring items, discontinued operations or extraordinary items. The effective tax rates for Alliant Energy, IPL and WPL differ from the federal statutory rate of 35% generally due to impacts of recently enacted tax legislation, completion of income tax audits, state income taxes, tax credits, effects of utility rate making and certain non-deductible expenses. The income tax rates shown in the following table for the three and nine months ended Sep. 30 were computed by dividing income tax expense (benefit) by income (loss) from continuing operations before income taxes.

	Three Months		Nine Months	
	2010	2009	**2010**	2009
Alliant Energy	**29.2%**	36.3%	**32.2%**	(58.7%)

IPL	**25.8%**	33.1%	**27.8%**	11.1%
WPL	**37.3%**	35.4%	**37.7%**	33.1%

Patient Protection and Affordable Care Act (H.R. 3590) and Health Care and Education Reconciliation Act of 2010 (H.R. 4872) (Federal Health Care Legislation) - In March 2010, Federal Health Care Legislation was enacted. One of the most significant provisions of the Federal Health Care Legislation for Alliant Energy, IPL and WPL requires a reduction in their tax deductions for retiree health care costs beginning in 2013, to the extent their drug expenses are reimbursed under the Medicare Part D retiree drug subsidy program. The reduction in the future deductibility of retiree health care costs accrued as of Dec. 31, 2009 required Alliant Energy, IPL and WPL to record deferred income tax expense of $7.1 million, $3.7 million and $3.1 million, respectively, in the first quarter of 2010. These income tax expenses recognized in the first quarter of 2010 increased Alliant Energy s, IPL s and WPL s income tax rates for continuing operations for the nine months ended Sep. 30, 2010 by 1.9%, 2.0% and 1.6%, respectively.

State Filing Changes - In February 2009, Wisconsin Senate Bill 62 (SB 62) was enacted. The most significant provision of SB 62 for Alliant Energy, IPL and WPL required combined reporting for corporate income taxation in Wisconsin beginning with tax returns filed for the calendar year 2009. Changes in state apportioned income tax rates resulting from Wisconsin combined reporting requirements and WPL s plans to be included in Iowa consolidated tax returns required Alliant Energy, IPL and WPL to adjust the carrying value of their deferred income tax assets and liabilities in the first quarter of 2009. The provisions of SB 62 also make it unlikely that Alliant Energy will be able to utilize the majority of its current Wisconsin net operating loss carryforwards before they expire resulting in additional valuation allowances in the first quarter of 2009. Alliant Energy, IPL and WPL recognized net income tax benefits in the first quarter of 2009 of $40.4 million, $32.7 million and $2.4 million, respectively, from the changes in state apportioned income tax rates and additional valuation allowances. These net income tax benefits recognized in the first quarter of 2009 decreased Alliant Energy s, IPL s and WPL s income tax rates for continuing operations for the nine months ended Sep. 30, 2009 by 89.2%, 21.7% and 2.5%, respectively.

Federal Tax Audits - In September 2010, the Internal Revenue Service (IRS) completed the audits of Alliant Energy s U.S. federal income tax returns for calendar years 2005 through 2008. The net impact of the completion of these audits and reversal of reserves for uncertain tax positions related to those audits resulted in Alliant Energy and IPL recognizing net income tax benefits in the third quarter of 2010 of $6.5 million and $5.1 million, respectively. These net income tax benefits recognized in the third quarter of 2010 decreased Alliant Energy s and IPL s income tax rates for continuing operations for the three months ended Sep. 30, 2010 by 3.0% and 3.8%, respectively, and for the nine months ended Sep. 30, 2009 by 1.7% and 2.8%, respectively. The net impact of the completion of these audits and reversal of reserves for uncertain tax positions related to those audits did not have a material impact on WPL s income tax rates for the three and nine months ended Sep. 30, 2010.

Production Tax Credits - In the fourth quarter of 2009, IPL s Whispering Willow - East wind project began commercial operation and is currently generating production tax credits. For the three and nine months ended Sep. 30, 2010, both Alliant Energy and IPL recognized production tax credits associated with IPL s Whispering Willow - East wind project of $1.0 million and $4.5 million, respectively.

Deferred Tax Assets and Liabilities - In September 2010, the Small Business Jobs Act of 2010 (SBJA) was enacted. One of the most significant provisions of the SBJA for Alliant Energy, IPL and WPL provides a one-year extension of the 50% bonus tax depreciation deduction for certain expenditures for property that is acquired or constructed in 2010. Based on capital projects expected to be placed into service in 2010, Alliant Energy, IPL and WPL estimate their total 2010 bonus tax depreciation deduction to be approximately $440 million, $210 million and $230 million, respectively. During the nine months ended Sep. 30, 2010, Alliant Energy s, IPL s and WPL s non-current deferred tax liabilities recognized in Deferred income taxes on their respective Condensed Consolidated Balance Sheets increased $201 million, $110 million and $84 million, respectively. These increases were primarily due to additional temporary differences related to depreciation, including bonus depreciation available under the ARRA and SBJA.

Uncertain Tax Positions - In 2010, statutes of limitations will expire for Alliant Energy s, IPL s and WPL s tax returns in multiple state jurisdictions. The impact of the statutes of limitations expiring is not anticipated to be material. In September 2010, the IRS completed the audits of Alliant Energy s U.S. federal income tax returns for calendar years 2005 through 2008. Alliant Energy agreed to all the IRS proposed adjustments for deductions and credits included in the 2005 through 2008 income tax returns with the exception of the deduction for the repairs expenditure change in method of tax accounting included in Alliant Energy s 2008 income tax return. The IRS denied the full amount of the $527 million ($226 million for IPL and $301 million for WPL) deduction for the repairs expenditure included in Alliant Energy s 2008 income tax return given the absence of current IRS guidelines regarding this deduction. Alliant Energy intends to appeal the IRS s denial of this deduction. The federal income tax return for calendar year 2009 is part of the Compliance Assurance Program of the IRS and as a result, the IRS audit of such return is currently in progress and anticipated to be completed by the end of 2010. The IRS has consented to a majority of the deductions and credits included by Alliant Energy in its 2009 income tax return. Based on the effective settlement with the IRS of various deductions and credits included in Alliant Energy s federal income tax returns for calendar years 2005 through 2009, Alliant Energy, IPL and WPL reversed uncertain tax positions in the third quarter of 2010 of $30 million, $24 million and $5 million, respectively.

Regulatory Assets and Liabilities - Changes in deferred income tax assets and liabilities associated with certain property-related basis differences at IPL are accounted for based on rate making practices in Iowa. Deferred tax expense (benefit) is not recorded for certain temporary differences (primarily related to utility property, plant and equipment at IPL) because retail rates in Iowa only reflect the impact of current tax expense (benefit). In 2009, IPL recognized significant tax benefits as a result of a change in tax accounting method for repairs expenditures and the tax method for allocating flood insurance proceeds. During the nine months ended Sep. 30, 2010, Alliant Energy and IPL recorded an increase to their non-current regulatory liabilities of $32 million primarily due to the completion of the audits of Alliant Energy s U.S. federal income tax returns for calendar years 2005 through 2008. IPL expects to refund any tax benefits realized from these items to its Iowa retail customers in the future based on a method to be prescribed by the IUB.

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Alliant Energy and IPL also recorded a comparable increase to their non-current regulatory assets during the nine months ended Sep. 30, 2010 to reflect the benefit IPL expects to receive from its Iowa retail customers in the future as the temporary differences associated with the repairs expenditures and flood insurance proceeds reverse into current tax expense.

(6) BENEFIT PLANS

(a) Pension and Other Postretirement Benefits Plans -

Net Periodic Benefit Costs - The components of Alliant Energy s net periodic benefit costs for its defined benefit pension and other postretirement benefits plans for the three and nine months ended Sep. 30 were as follows (in millions):

	Defined Benefit Pension Plans				Other Postretirement Benefits Plans			
	Three Months		Nine Months		Three Months		Nine Months	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
Service cost	**$ 3.0**	$ 3.0	**$ 9.0**	$ 9.2	**$ 2.2**	$ 2.2	**$ 7.0**	$ 6.5
Interest cost	**13.1**	13.6	**39.3**	40.8	**3.5**	3.8	**11.4**	11.4
Expected return on plan assets	**(15.6)**	(11.9)	**(46.6)**	(35.7)	**(1.9)**	(1.5)	**(5.8)**	(4.6)
Amortization of:								
Transition obligation							**0.1**	0.1
Prior service cost (credit)	**0.2**	0.6	**0.6**	1.6	**(1.2)**	(0.9)	**(1.3)**	(2.7)
Actuarial loss	**5.9**	7.8	**17.9**	23.7	**2.2**	1.5	**5.3**	4.6
Settlement loss (a)	**1.4**		**1.4**					
Curtailment losses (b)(c)				1.0				
Special termination benefits costs (c)				0.5				
	$ 8.0	$ 13.1	**$ 21.6**	$ 41.1	**$ 4.8**	$ 5.1	**$ 16.7**	$ 15.3

(a) For the three and nine months ended Sep. 30, 2010, the settlement loss of $1.4 million related to payments made to a retired executive.

(b) In 2007, members of the International Brotherhood of Electrical Workers Local 965 ratified a four-year collective bargaining agreement reached with WPL, resulting in changes to WPL s qualified pension plan (Plan). One of these changes provided Plan participants a one-time option to cease participating in the Plan and begin participating in the Alliant Energy 401(k) Savings Plan with increased levels of contribution by Alliant Energy. The election of this option did not impact a participant s eligibility for benefits previously vested under the Plan. In the second quarter of 2009, certain of these employees elected to cease participating in the Plan, resulting in Alliant Energy and WPL recognizing a curtailment loss related to the Plan of $0.7 million for the nine months ended Sep. 30, 2009.

(c) In the second quarter of 2009, Alliant Energy eliminated certain corporate and operations positions. As a result, Alliant Energy recognized curtailment losses and special termination benefits costs related to its pension plans of $0.3 million and $0.5 million, respectively, for the nine months ended Sep. 30, 2009.

Estimated Future Employer Contributions - Alliant Energy estimates that funding for the qualified defined benefit pension, non-qualified defined benefit pension and other postretirement benefits plans during 2010 will be $0, $8 million and $22 million, respectively, of which $0, $7 million and $16 million, respectively, have been contributed through Sep. 30, 2010.

Alliant Energy Cash Balance Pension Plan (Plan) - Refer to Note 12(c) for discussion of a class action lawsuit filed against the Plan in 2008 and the IRS review of the tax qualified status of the Plan.

Federal Health Care Legislation -The Federal Health Care Legislation enacted in March 2010 includes provisions that require the elimination of annual and lifetime caps for certain benefits beginning in 2011. Postretirement health care benefits provided to eligible retirees of Alliant Energy, IPL and WPL contain benefit caps. The enactment of this legislation was determined to be a significant event, which required Alliant

Energy, IPL and WPL to remeasure their defined benefit postretirement health care plans in the first quarter of 2010 to reflect the anticipated elimination of the benefit caps beginning in 2011. The remeasurement resulted in an increase in Alliant Energy s postretirement benefit obligations of $35 million ($15 million for IPL, $12 million for WPL and $8 million for Corporate Services) in the first quarter of 2010. In accordance with the accounting rules, the impact of the remeasurement on net periodic benefit costs was only recognized prospectively from the remeasurement date; therefore there was no impact on net periodic benefit costs in the first quarter of 2010. The remeasurement increased Alliant Energy s, IPL s and WPL s net periodic benefit costs in the second quarter of 2010 by $2.4 million, $1.3 million and $1.1 million, respectively. The discount rate used for the remeasurement in the first quarter of 2010 was 5.40%. All other assumptions used for the remeasurement in the first quarter of 2010 were consistent with the measurement as of Dec. 31, 2009.

In June 2010, government regulations were issued clarifying that certain lifetime caps are exempt from the Federal Health Care Legislation enacted in March 2010. In July 2010, Alliant Energy approved an amendment to its health and welfare benefit plan, which will split the plan into two separate plans consisting of a plan for active employees and a plan for retirees. As a result of the clarifying regulations and the July 2010 plan amendment, Alliant Energy, IPL and WPL currently believe the plan for retirees will qualify for the lifetime caps exemption. This change was determined to be a significant event requiring Alliant Energy, IPL and WPL to remeasure their defined benefit postretirement health care plans in the third quarter of 2010. The third quarter of 2010 remeasurement resulted in a decrease in Alliant Energy s postretirement benefit obligations of approximately $13 million ($1 million for IPL, $2 million for WPL and $10 million for Corporate Services). The third quarter remeasurement decreased Alliant Energy s, IPL s and WPL s net periodic benefit costs in the third quarter of 2010 to a level comparable to their net periodic benefit costs in the first quarter of 2010. The discount rate used for the remeasurement in the third quarter of 2010 was 4.75%. All other assumptions used for the remeasurement in the third quarter of 2010 were consistent with the measurement as of Dec. 31, 2009.

The postretirement benefit obligations are an estimate and could change in the future as additional related regulations and interpretations of the legislation become available.

401(k) Savings Plans - A significant number of Alliant Energy, IPL and WPL employees participate in defined contribution retirement plans (401(k) savings plans). For the three and nine months ended Sep. 30, Alliant Energy s, IPL s and WPL s costs related to the 401(k) savings plans, which are partially based on the participants level of contribution, were as follows (in millions):

	Three Months		Nine Months	
	2010	2009	**2010**	2009
Corporate Services	**$ 2.2**	$ 1.2	**$ 6.9**	$ 6.1
WPL	**1.2**	1.0	**3.9**	3.0
IPL	**0.9**	0.4	**2.7**	2.3
Resources	**0.1**	0.5	**0.4**	1.3
Alliant Energy	**$ 4.4**	$ 3.1	**$ 13.9**	$ 12.7

(b) Equity Incentive Plans - In May 2010, Alliant Energy s shareowners approved the Alliant Energy 2010 Omnibus Incentive Plan (OIP), which permits the grant of stock options, restricted stock, restricted stock units, performance shares, performance units, and other stock-based awards and cash incentive awards to key employees. The OIP authorizes the issuance of up to 4,500,000 shares of Alliant Energy s common stock. Upon shareowner approval of the OIP, the Alliant Energy 2002 Equity Incentive Plan (EIP) terminated resulting in no new awards authorized to be granted under the EIP. All awards previously granted under the EIP that were still outstanding remain valid and continue to be subject to all of the terms and conditions of the EIP. As of Sep. 30, 2010, there were no grants issued under the OIP.

A summary of compensation expense and the related income tax benefits recognized for the three and nine months ended Sep. 30 for share-based compensation awards was as follows (in millions):

	Alliant Energy		IPL		WPL	
	2010	2009	**2010**	2009	**2010**	2009
Three Months Ended Sep. 30						
Share-based compensation expense	**$ 2.6**	$ 1.3	**$ 1.4**	$ 0.7	**$ 1.1**	$ 0.6
Income tax benefits	**1.1**	0.5	**0.5**	0.3	**0.4**	0.2
Nine Months Ended Sep. 30						
Share-based compensation expense	**6.2**	3.0	**3.3**	1.7	**2.5**	1.2
Income tax benefits	**2.5**	1.2	**1.3**	0.7	**1.0**	0.5

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As of Sep. 30, 2010, total unrecognized compensation cost related to share-based compensation awards was $12.2 million, which is expected to be recognized over a weighted average period of two years. Share-based compensation expense is recognized on a straight-line basis over the requisite service periods.

Performance Shares and Units - Alliant Energy anticipates making future payouts of its performance shares and units in cash; therefore, performance shares and units were accounted for as liability awards at Sep. 30, 2010 and Dec. 31, 2009.

Performance Shares - A summary of the performance shares activity for the nine months ended Sep. 30 was as follows:

	2010 Shares (a)	2009 Shares (a)
Nonvested shares, Jan. 1	**256,579**	208,579
Granted	**72,487**	152,735
Vested		(84,633)
Forfeited	**(83,786)**	(20,102)
Nonvested shares, Sep. 30	**245,280**	256,579

(a) Share amounts represent the target number of performance shares. Each performance share s value is based on the price of one share of Alliant Energy s common stock at the end of the performance period. The actual number of shares that will be paid out upon vesting is dependent upon actual performance and may range from zero to 200% of the target number of shares.

In the first quarter of 2010, 57,100 performance shares granted in 2007 were forfeited without payout because the specified performance criteria for such shares were not met. The remaining forfeitures during the nine months ended Sep. 30, 2010 and 2009 were primarily caused by retirements and voluntary terminations of participants. In the first quarter of 2009, 84,633 performance shares granted in 2006 vested resulting in a payout valued at $4.1 million, which consisted of a combination of cash and common stock (51,189 shares).

Performance Units - Alliant Energy granted new share-based compensation awards to key employees in the first quarter of 2010 referred to as performance units. The performance units and the performance contingent cash awards discussed below were granted in the first quarter of 2010 in lieu of time-based restricted stock. Performance unit payouts to key employees are contingent upon achievement over three-year periods of specified performance criteria, which currently include metrics of total shareowner return relative to an investor-owned utility peer group. Nonvested performance unit payouts are prorated at retirement, death, disability or involuntary termination without cause based on time worked during the performance period and achievement of the performance criteria. Participants nonvested performance units are forfeited if the participant voluntarily leaves Alliant Energy or is terminated for cause. Performance units must be paid out in cash and are adjusted by a performance multiplier, which ranges from zero to 200% based on the performance criteria. A summary of the performance unit activity for the nine months ended Sep. 30, 2010 was as follows:

	Units (a)
Nonvested units, Jan. 1	
Granted	**23,795**
Forfeited	**(667)**
Nonvested units, Sep. 30	**23,128**

(a)

Unit amounts represent the target number of performance units. Each performance unit s value is based on the average price of one share of Alliant Energy s common stock on the grant date of the award. The actual payout for performance units is dependent upon actual performance and may range from zero to 200% of the target number of units.

Fair Value of Awards - Information related to fair values of nonvested performance shares and units at Sep. 30, 2010, by year of grant, were as follows:

	Performance Shares			Performance Units
	2010 Grant	2009 Grant	2008 Grant	2010 Grant
Nonvested awards	70,183	117,259	57,838	23,128
Alliant Energy common stock closing price on Sep. 30, 2010	$ 36.35	$ 36.35	$ 36.35	
Alliant Energy common stock average price on grant date				$ 32.56
Estimated payout percentage based on performance criteria	129%	118%	82%	129%
Fair values of each nonvested award	$ 46.89	$ 42.89	$ 29.81	$ 42.00

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At Sep. 30, 2010, 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 group. 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.

Restricted Stock - Restricted stock issued under the EIP consists of time-based and performance-contingent restricted stock.

Time-based restricted stock - A summary of the time-based restricted stock activity for the nine months ended Sep. 30 was as follows:

	2010		2009	
	Shares	**Weighted Average Fair Value**	Shares	Weighted Average Fair Value
Nonvested shares, Jan. 1	**125,349**	**$ 32.47**	156,807	$ 32.80
Granted during first quarter			51,236	29.40
Vested	**(51,736)**	**32.87**	(79,459)	31.08
Forfeited	**(1,300)**	**32.78**	(3,235)	33.97
Nonvested shares, Sep. 30	**72,313**	**32.18**	125,349	32.47

Performance-contingent restricted stock - A summary of the performance-contingent restricted stock activity for the nine months ended Sep. 30 was as follows:

	2010		2009	
	Shares	**Weighted Average Fair Value**	Shares	Weighted Average Fair Value
Nonvested shares, Jan. 1	**226,007**	**$ 32.25**	124,185	$ 39.28
Granted during first quarter	**72,487**	**32.56**	101,822	23.67
Forfeited	**(2,304)**	**32.56**		
Nonvested shares, Sep. 30	**296,190**	**32.32**	226,007	32.25

Non-qualified Stock Options - A summary of the stock option activity for the nine months ended Sep. 30 was as follows:

	2010		2009	
	Shares	**Weighted Average Exercise Price**	Shares	Weighted Average Exercise Price
Outstanding, Jan. 1	**384,331**	**$ 27.02**	497,183	$ 27.30
Exercised	**(151,693)**	**28.34**	(17,655)	22.27
Expired	**(29,218)**	**28.59**	(56,098)	29.88
Forfeited			(16,877)	28.67

Outstanding and exercisable, Sep. 30	**203,420**	**25.81**	406,553	27.11

The weighted average remaining contractual term for options outstanding and exercisable at Sep. 30, 2010 was two years. The aggregate intrinsic value of options outstanding and exercisable at Sep. 30, 2010 was $2.1 million.

Other information related to stock option activity for the three and nine months ended Sep. 30 was as follows (in millions):

	Three Months		Nine Months	
	2010	2009	**2010**	2009
Cash received from stock options exercised	**$ 2.0**	$ 0.3	**$ 4.3**	$ 0.4
Aggregate intrinsic value of stock options exercised	**0.4**		**0.9**	0.1
Income tax benefit from the exercise of stock options	**0.1**		**0.3**	

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Performance Contingent Cash Awards - Alliant Energy granted new share-based compensation awards to key employees in the first quarter of 2010 referred to as performance contingent cash awards. Performance contingent cash award payouts to key employees are based on the achievement of certain performance targets (currently specified consolidated net income growth). If performance targets are not met within the performance period, which currently ranges from two to four years, there are no payouts for these awards. Nonvested awards are prorated at retirement based on time worked during the performance period and achievement of the performance criteria. Participants nonvested awards are forfeited if the participant voluntarily leaves Alliant Energy for reasons other than retirement. Each performance contingent cash award s value is based on the price of one share of Alliant Energy s common stock at the end of the performance period. Alliant Energy accounts for performance contingent cash awards as liability awards because payouts will be made in the form of cash. A summary of the performance contingent cash awards activity for the nine months ended Sep. 30, 2010 was as follows:

	Awards
Nonvested awards, Jan. 1	
Granted	**23,795**
Forfeited	**(367)**
Nonvested awards, Sep. 30	**23,428**

(7) COMMON EQUITY

Common Share Activity - A summary of Alliant Energy s common stock activity during the nine months ended Sep. 30, 2010 was as follows:

Shares outstanding, Jan. 1	110,656,498
Equity incentive plans (Note 6(b))	220,576
Other (a)	(22,049)
Shares outstanding, Sep. 30	110,855,025

(a) Includes shares transferred from employees to Alliant Energy to satisfy tax withholding requirements in connection with the vesting of certain restricted stock under the EIP.

Dividend Restrictions - As of Sep. 30, 2010, IPL s amount of retained earnings that were free of restrictions was $350 million. As of Sep. 30, 2010, WPL s amount of retained earnings that were free of restrictions was $30 million for the remainder of 2010.

Restricted Net Assets of Subsidiaries - As of Sep. 30, 2010, the amount of net assets of IPL and WPL that were not available to be transferred to their parent company in the form of loans, advances or cash dividends without the consent of IPL s and WPL s regulatory authorities was $1.1 billion and $1.3 billion, respectively.

Capital Transactions with Subsidiaries - During the nine months ended Sep. 30, 2010, IPL and WPL received capital contributions of $50 million and $75 million, respectively, from their parent company, Alliant Energy. During the nine months ended Sep. 30, 2010, IPL, WPL and Resources paid common stock dividends and repayments of capital to their parent company, Alliant Energy, as follows (in millions):

	IPL	WPL	Resources
Common stock dividends to Alliant Energy	$	$ 82	$
Repayments of capital to Alliant Energy	89		65

In July 2008, FERC issued an order allowing IPL to pay up to $400 million in common equity distributions from additional paid-in capital, rather than retained earnings. As of Sep. 30, 2010, IPL s remaining authority under this FERC order was $130 million.

(8) DEBT

(a) Short-Term Debt - At Sep. 30, 2010, there was no commercial paper outstanding at IPL, WPL or the Alliant Energy parent company. Information regarding commercial paper issued under Alliant Energy s, IPL s and WPL s credit facilities and other short-term borrowings was as follows (dollars in millions):

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At Sep. 30, 2010:	Alliant Energy (Consolidated)	Parent Company	IPL	WPL
Available credit facility capacity	$ 623	$ 96	$ 287	$ 240

	Alliant Energy		IPL		WPL	
	2010	2009	**2010**	2009	**2010**	2009
Three months ended Sep. 30:						
Maximum amount of total short-term debt outstanding (based on daily outstanding balances)	**$**	$ 251.0	**$ 11.3**	$ 164.0	**$**	$ 87.0
Average amount of total short-term debt outstanding (based on daily outstanding balances)	**$**	$ 46.5	**$ 0.3**	$ 34.7	**$**	$ 8.1
Weighted average interest rates - total short-term debt	**N/A**	0.89%	**0.27%**	0.71%	**N/A**	0.46%
Nine months ended Sep. 30:						
Maximum amount of total short-term debt outstanding (based on daily outstanding balances)	**$ 350.3**	$ 255.9	**$ 219.1**	$ 164.0	**$ 170.2**	$ 103.1
Average amount of total short-term debt outstanding (based on daily outstanding balances)	**$ 118.2**	$ 96.9	**$ 83.2**	$ 60.3	**$ 44.1**	$ 35.3
Weighted average interest rates - total short-term debt	**0.32%**	0.74%	**0.34%**	0.80%	**0.29%**	0.55%

(b) Long-Term Debt - In August 2010, IPL issued $200 million of 3.65% senior debentures due 2020 and used the net proceeds and cash on hand in September 2010 to retire $200 million of its 6.75% senior debentures due 2011. In the third quarter of 2010, IPL incurred debt repayment premiums of $6.3 million related to the September retirement that were recorded in Regulatory assets on Alliant Energy s and IPL s Condensed Consolidated Balance Sheets at Sep. 30, 2010.

In June 2010, IPL issued $150 million of 3.30% senior debentures due 2015 and WPL issued $150 million of 4.60% debentures due 2020. The proceeds from the June 2010 debt issuances were used initially to repay short-term debt and invest in short-term assets, and thereafter to fund capital expenditures and for general working capital purposes. In March 2010, WPL retired $100 million of its 7.625% debentures and Alliant Energy retired its remaining 300 Exchangeable Senior Notes due 2030.

In September 2009, Alliant Energy announced a tender offer and consent solicitation for all 5,940,960 of its 2.5% Exchangeable Senior Notes due 2030 (Notes). As of Sep. 30, 2009, Alliant Energy had received valid tenders and consents from holders of 5,938,660 Notes and made $241 million of payments related to the Notes tendered using short-term borrowings and cash on hand. These payments exceeded the carrying value of the Notes tendered resulting in Alliant Energy incurring $203 million of pre-tax charges in the third quarter of 2009 related to the repurchase of the Notes. These pre-tax charges were recorded in Loss on early extinguishment of debt in Alliant Energy s Condensed Consolidated Statements of Income for the three and nine months ended Sep. 30, 2009.

(9) INVESTMENTS

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

	Three Months		Nine Months	
	2010	2009	**2010**	2009
American Transmission Company LLC (ATC)	**($ 9.2)**	($ 9.2)	**($ 27.6)**	($ 26.7)
Other	**(0.1)**	(0.3)	**(1.1)**	(0.6)
	($ 9.3)	($ 9.5)	**($ 28.7)**	($ 27.3)

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Summary financial information from the unaudited financial statements of ATC for the three and nine months ended Sep. 30 was as follows (in millions):

	Three Months		Nine Months	
	2010	2009	**2010**	2009
Operating revenues	**$ 136.8**	$ 132.3	**$ 414.0**	$ 387.5
Operating income	**77.2**	73.5	**229.0**	215.2
Net income	**55.0**	53.8	**164.2**	157.4

(b) Other Investments - Information relating to various debt and equity securities held by Alliant Energy at Sep. 30, 2010 and Dec. 31, 2009 that are marked-to-market each reporting date was as follows (in millions):

	Sep. 30, 2010		Dec. 31, 2009	
	Carrying/Fair Value	**Unrealized Gains, Net of Tax**	Carrying/Fair Value	Unrealized Gains, Net of Tax
Available-for-sale securities	**$ 3.2**	**$ 0.2**	$ 4.2	$ 0.6

(10) FAIR VALUE MEASUREMENTS

Fair Value of Financial Instruments - The carrying amounts of Alliant Energy s, IPL s and WPL s current assets and current liabilities approximate fair value because of the short maturity of such financial instruments. Carrying amounts and the related estimated fair values of other financial instruments at Sep. 30, 2010 and Dec. 31, 2009 were as follows (in millions):

	Alliant Energy		IPL		WPL	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Sep. 30, 2010						
Assets:						
Derivative assets (Note 11(a))	**$ 33.9**	**$ 33.9**	**$ 22.7**	**$ 22.7**	**$ 11.2**	**$ 11.2**
Deferred proceeds (sales of receivables) (Note 4(a))	**114.6**	**114.6**	**114.6**	**114.6**		
Available-for-sale securities (Note 9(b))	**3.2**	**3.2**	**2.1**	**2.1**		
Capitalization and liabilities:						
Long-term debt (including current maturities) (Note 8(b))	**2,705.2**	**3,171.6**	**1,308.5**	**1,507.7**	**1,081.7**	**1,331.2**
Cumulative preferred stock of subsidiaries	**243.8**	**277.0**	**183.8**	**219.4**	**60.0**	**57.6**
Derivative liabilities (Note 11(a))	**116.8**	**116.8**	**49.7**	**49.7**	**67.1**	**67.1**
Dec. 31, 2009						
Assets:						
Derivative assets (Note 11(a))	31.7	31.7	16.4	16.4	15.3	15.3
Available-for-sale securities (Note 9(b))	4.2	4.2	2.3	2.3		
Capitalization and liabilities:						
Long-term debt (including current maturities) (Note 8(b))	2,506.0	2,675.5	1,158.7	1,238.1	1,031.6	1,125.9
Cumulative preferred stock of subsidiaries	243.8	260.9	183.8	210.3	60.0	50.6
Derivative liabilities (Note 11(a))	119.3	119.3	53.0	53.0	66.3	66.3

Valuation Techniques -

Derivative assets and liabilities - Derivative assets and liabilities as of Sep. 30, 2010 and Dec. 31, 2009 included swap contracts, option contracts, and physical forward purchase and sale contracts for electricity and natural gas, financial transmission rights (FTRs) and embedded foreign currency derivatives. IPL s and WPL s swap, option and physical forward commodity contracts were non-exchange-based derivative instruments valued using indicative price quotations available through a pricing vendor that provides daily exchange forward price settlements, from broker or dealer quotations or from on-line exchanges. The indicative price quotations reflected the average of the bid-ask mid-point prices and were obtained from sources believed to provide the most liquid market for the commodity. IPL and WPL corroborated a portion of these indicative price quotations using quoted prices for similar assets or liabilities in active markets and categorized derivative instruments based on such indicative price quotations as Level 2. IPL s and WPL s commodity contracts that were valued using indicative price quotations based on significant assumptions such as seasonal or monthly shaping and indicative price quotations that could not be readily corroborated were categorized as Level 3. IPL s and WPL s swap, option and physical forward commodity contracts were predominately at liquid trading points. IPL s and WPL s FTRs were measured at fair value each reporting date using monthly or annual auction shadow prices from relevant auctions. The embedded foreign currency derivatives related to Euro-denominated payment terms included in the wind turbine supply contract with Vestas were measured at fair value using an extrapolation of forward currency rates. Refer to Note 11(a) for additional details of Alliant Energy s derivative assets and liabilities.

Deferred proceeds (sales of receivables) - At Sep. 30, 2010, the fair value of IPL s deferred proceeds related to its sales of receivables program was calculated using the carrying amount of receivables sold less the allowance for doubtful accounts associated with the receivables sold. Refer to Note 4(a) for additional information regarding deferred proceeds.

Available-for-sale securities - The fair value of Resources investment in Capstone Turbine Corporation s common stock and certain IPL investments in various debt and equity securities was measured at fair value each reporting date using quoted market prices on listed exchanges. Refer to Note 9(b) for additional information regarding available-for-sale securities.

Long-term debt (including current maturities) - For long-term debt instruments that are actively traded, the fair value was based upon quoted market prices each reporting date. For long-term debt instruments that are not actively traded, the fair value was based on discounted cash flow methodology and utilizes assumptions of current market pricing curves. Refer to Note 8(b) for additional information regarding long-term debt.

Cumulative preferred stock of subsidiaries - The fair values of IPL s 8.375% and 7.10% cumulative preferred stock were based on their closing market prices quoted by the New York Stock Exchange each reporting date. The fair value of WPL s 4.50% cumulative preferred stock was based on the closing market prices quoted by the NYSE Amex LLC each reporting date. The fair value of WPL s remaining preferred stock was calculated based on the market yield of similar securities.

Valuation Hierarchy - Fair value measurement accounting establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy and examples of each are as follows:

Level 1 - Pricing inputs are quoted prices available in active markets for identical assets or liabilities as of the reporting date. Level 1 assets as of Sep. 30, 2010 and Dec. 31, 2009 included Resources investment in Capstone Turbine Corporation s common stock and certain IPL investments in securities valued using quoted market prices on listed exchanges.

Level 2 - Pricing inputs are quoted prices for similar assets or liabilities in active markets or quoted prices for identical or similar assets or liabilities in markets that are not active as of the reporting date. Level 2 assets and liabilities as of Sep. 30, 2010 and Dec. 31, 2009 included IPL s and WPL s non-exchange traded commodity contracts valued using indicative price quotations that are corroborated with quoted prices for similar assets or liabilities in active markets.

Level 3 - Pricing inputs are unobservable inputs for assets or liabilities for which little or no market data exist and require significant management judgment or estimation. Level 3 assets and liabilities as of Sep. 30, 2010 and Dec. 31, 2009 included IPL s deferred proceeds, and IPL s and WPL s FTRs, natural gas option contracts, embedded foreign currency derivatives and certain commodity contracts that are valued using indicative price quotations based on significant assumptions such as seasonal or monthly shaping.

The fair value hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable data (Level 3). In some cases, the inputs used to measure fair value might fall in different levels of the fair value hierarchy. The lowest level input that is significant to a fair value measurement in its entirety determines the applicable level in the fair value hierarchy. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

Recurring Fair Value Measurements - Disclosure requirements for Alliant Energy s recurring items subject to fair value measurements at Sep. 30, 2010 and Dec. 31, 2009 were as follows (in millions):

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	Fair Value Measurements	Level 1	Level 2	Level 3
Sep. 30, 2010				
Assets:				
Derivative assets:				
Commodity contracts	**$ 26.4**	**$**	**$ 16.5**	**$ 9.9**
Foreign exchange contracts	**7.5**			**7.5**
Total derivative assets	**33.9**		**16.5**	**17.4**
Deferred proceeds	**114.6**			**114.6**
Available-for-sale securities	**3.2**	**1.7**	**1.4**	**0.1**
Liabilities:				
Derivative liabilities:				
Commodity contracts	**116.6**		**112.6**	**4.0**
Foreign exchange contracts	**0.2**			**0.2**
Total derivative liabilities	**116.8**		**112.6**	**4.2**

	Fair Value Measurements	Level 1	Level 2	Level 3
Dec. 31, 2009				
Assets:				
Derivative assets:				
Commodity contracts	$ 27.1	$	$ 20.0	$ 7.1
Foreign exchange contracts	4.6			4.6
Total derivative assets	31.7		20.0	11.7
Available-for-sale securities	4.2	2.3	1.8	0.1
Liabilities:				
Derivative liabilities:				
Commodity contracts	117.8		113.3	4.5
Foreign exchange contracts	1.5			1.5
Total derivative liabilities	119.3		113.3	6.0

Additional information for Alliant Energy s recurring fair value measurements using significant unobservable inputs (Level 3 inputs) for the three and nine months ended Sep. 30 was as follows (in millions):

	Derivative Assets and (Liabilities), net							
	Commodity Contracts		Foreign Contracts		Deferred Proceeds		Available-for-sale Securities	
Three months ended Sep. 30	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
Beginning balance, July 1	**$ 10.3**	$ 5.1	**$ 7.9**	$ 5.2	**$ 68.1**	$	**$ 0.1**	$
Total gains or (losses) (realized/unrealized) included in changes in net assets (a)	**(0.4)**			(4.5)				
Transfers in and/or out of Level 3 (b)	**(0.2)**	6.7						
Purchases, sales, issuances and settlements, net	**(3.8)**	(4.5)	**(0.6)**	0.6	**46.5**			
Ending balance, Sep. 30	**$ 5.9**	$ 7.3	**$ 7.3**	$ 1.3	**$ 114.6**	$	**$ 0.1**	$
The amount of total gains or (losses) for the period included in changes in net assets attributable to the change in unrealized gains or (losses) relating to assets and liabilities held at Sep. 30 (a)	**($ 0.4)**	$	**$**	($ 4.5)	**$**	$	**$**	$

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	Derivative Assets and (Liabilities), net							
	Commodity Contracts		Foreign Contracts		Deferred Proceeds		Available-for-sale Securities	
Nine months ended Sep. 30	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
Beginning balance, Jan. 1	**$ 2.6**	$ 10.3	**$ 3.1**	$ 4.4	**$**	$	**$ 0.1**	$
Total gains or (losses) (realized/unrealized) included in changes in net assets (a)	**11.6**	(0.1)	**3.8**	(4.9)				
Transfers in and/or out of Level 3 (b)	**(0.1)**							
Purchases, sales, issuances and settlements, net	**(8.2)**	(2.9)	**0.4**	1.8	**114.6**			
Ending balance, Sep. 30	**$ 5.9**	$ 7.3	**$ 7.3**	$ 1.3	**$ 114.6**	$	**$ 0.1**	$
The amount of total gains or (losses) for the period included in changes in net assets attributable to the change in unrealized gains or (losses) relating to assets and liabilities held at Sep. 30 (a)	**$ 11.6**	$	**$ 3.8**	($ 4.5)	**$**	$	**$**	$

(a) Gains and losses related to derivative assets and liabilities are recorded in Regulatory assets and Regulatory liabilities on Alliant Energy s Condensed Consolidated Balance Sheets.

(b) Observable market inputs became available for certain commodity contracts previously classified as Level 3. The transfers were valued as of the beginning of the period.

(11) DERIVATIVE INSTRUMENTS

(a) Commodity and Foreign Exchange Derivatives -

Purpose - Alliant Energy, IPL and WPL periodically use derivative instruments for risk management purposes to mitigate exposures to fluctuations in certain commodity prices, transmission congestion costs and currency exchange rates. Alliant Energy s, IPL s and WPL s derivative instruments as of Sep. 30, 2010 and Dec. 31, 2009 were not designated as hedging instruments. IPL s and WPL s derivative instruments as of Sep. 30, 2010 and Dec. 31, 2009 included electric physical forward purchase contracts and swap contracts to mitigate pricing volatility for the electricity purchased to supply to their customers; electric physical forward sale contracts to offset long positions created by reductions in electricity demand forecasts; natural gas swap contracts to mitigate pricing volatility for the fuel used to supply to the natural gas-fired electric generating facilities they operate; natural gas options to mitigate price increases during periods of high demand or lack of supply; FTRs acquired to manage transmission congestion costs; natural gas physical forward purchase and swap contracts to mitigate pricing volatility for natural gas supplied to their retail customers; and embedded foreign currency derivatives related to Euro-denominated payment terms included in the wind turbine supply contract with Vestas.

Notional Amounts - As of Sep. 30, 2010, Alliant Energy, IPL and WPL had notional amounts related to outstanding swap contracts, option contracts, physical forward contracts and FTRs that were accounted for as derivative instruments as follows (units in thousands; megawatt-hours (MWhs); dekatherms (Dths)):

	2010	2011	2012	2013	Total
Alliant Energy					
Commodity:					
Electricity (MWhs)	1,748	2,710	248	204	4,910
FTRs (MWs)	16	25			41
Natural gas (Dths)	30,230	41,460	12,485	610	84,785
IPL					
Commodity:					
Electricity (MWhs)	954	648			1,602

FTRs (MWs)	9	13			22
Natural gas (Dths)	21,305	25,334	3,412		50,051
WPL					
Commodity:					
Electricity (MWhs)	794	2,062	248	204	3,308
FTRs (MWs)	7	12			19
Natural gas (Dths)	8,925	16,126	9,073	610	34,734

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The notional amounts in the above table were computed by aggregating the absolute value of purchase and sale positions within commodities for each year. In the first quarter of 2010, Euro-denominated payment terms included in the wind turbine supply contract with Vestas were converted to U.S. dollars.

Financial Statement Presentation - Alliant Energy records derivative instruments at fair value each reporting date on the balance sheet as assets or liabilities. At Sep. 30, 2010 and Dec. 31, 2009, the fair values of current derivative assets were included in Derivative assets, non-current derivative assets were included in Deferred charges and other, current derivative liabilities were included in Derivative liabilities and non-current derivative liabilities were included in Other long-term liabilities and deferred credits on the Condensed Consolidated Balance Sheets as follows (in millions):

	Alliant Energy		IPL		WPL	
	Sep. 30, 2010	Dec. 31, 2009	**Sep. 30, 2010**	Dec. 31, 2009	**Sep. 30, 2010**	Dec. 31, 2009
Current derivative assets						
Commodity contracts	**$ 23.5**	$ 20.3	**$ 14.4**	$ 9.1	**$ 9.1**	$ 11.2
Foreign exchange contracts	**7.1**	3.4	**7.1**	3.4		
	$ 30.6	$ 23.7	**$ 21.5**	$ 12.5	**$ 9.1**	$ 11.2
Non-current derivative assets						
Commodity contracts	**$ 2.9**	$ 6.8	**$ 0.8**	$ 2.7	**$ 2.1**	$ 4.1
Foreign exchange contracts	**0.4**	1.2	**0.4**	1.2		
	$ 3.3	$ 8.0	**$ 1.2**	$ 3.9	**$ 2.1**	$ 4.1
Current derivative liabilities						
Commodity contracts	**$ 92.8**	$ 99.0	**$ 44.9**	$ 49.5	**$ 47.9**	$ 49.5
Foreign exchange contracts	**0.2**	1.5			**0.2**	1.5
	$ 93.0	$ 100.5	**$ 44.9**	$ 49.5	**$ 48.1**	$ 51.0
Non-current derivative liabilities						
Commodity contracts	**$ 23.8**	$ 18.8	**$ 4.8**	$ 3.5	**$ 19.0**	$ 15.3

IPL and WPL generally record gains and losses from their derivative instruments with offsets to regulatory assets or liabilities, based on their fuel and natural gas cost recovery mechanisms, as well as other specific regulatory authorizations. For the three and nine months ended Sep. 30, 2010 and 2009, gains and losses from derivative instruments not designated as hedging instruments were recorded as follows (in millions):

	Location Recorded on Balance Sheets	Gains (Losses) Alliant Energy		IPL		WPL	
		2010	2009	**2010**	2009	**2010**	2009
Three months ended Sep. 30							
Commodity contracts	(a)	**($43.9)**	($11.3)	**($22.5)**	($6.9)	**($21.4)**	($4.4)
Commodity contracts	(b)	**4.5**	7.5	**2.2**	4.7	**2.3**	2.8
Foreign exchange contracts	(b)		(4.5)		(4.5)		
Nine months ended Sep. 30							
Commodity contracts	(a)	**(83.1)**	(105.1)	**(48.3)**	(58.2)	**(34.8)**	(46.9)
Commodity contracts	(b)	**10.5**	19.1	**9.5**	10.1	**1.0**	9.0
Foreign exchange contracts	(b)	**3.8**	(4.9)	**3.8**	(4.5)		(0.4)

(a) Regulatory assets on the Condensed Consolidated Balance Sheets
(b) Regulatory liabilities on the Condensed Consolidated Balance Sheets

Losses from commodity contracts during the nine months ended Sep. 30, 2010 and 2009 were primarily due to impacts of decreases in electricity and natural gas prices during such periods.

Credit Risk-related Contingent Features - Alliant Energy, IPL and WPL have entered into various agreements that contain credit risk-related contingent features including requirements for them to maintain certain credit ratings from each of the major credit rating agencies and limitations on their liability positions under the various agreements. In the event of a downgrade in their credit ratings or if their liability positions exceed certain contractual limits, Alliant Energy, IPL or WPL

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may need to provide credit support in the form of letters of credit or cash collateral up to the amount of their exposure under the contracts, or may need to unwind the contracts and pay the underlying liability positions.

Certain of these agreements with credit risk-related contingency features are accounted for as derivative instruments. The aggregate fair value of all derivatives with credit risk-related contingent features that were in a net liability position on Sep. 30, 2010 was $116.8 million, $49.7 million and $67.1 million for Alliant Energy, IPL and WPL, respectively. If the most restrictive credit risk-related contingent features for derivative agreements in a net liability position were triggered on Sep. 30, 2010, Alliant Energy, IPL and WPL would be required to post $116.8 million, $49.7 million and $67.1 million, respectively, of credit support to their counterparties.

(b) Weather Derivatives - In 2008, IPL and WPL each entered into separate non-exchange traded swap agreements based on heating degree days (HDD) measured in Cedar Rapids, Iowa and Madison, Wisconsin, respectively, to reduce the impact of weather volatility on IPL s and WPL s margins for Nov. 1, 2008 through March 31, 2009. The actual HDD for Nov. 1, 2008 through Dec. 31, 2008 were higher than those specified in the contracts, resulting in Alliant Energy paying the counterparty $3.6 million (IPL paying $2.2 million and WPL paying $1.4 million) in January 2009. In addition, the actual HDD for Jan. 1, 2009 through March 31, 2009 were higher than those specified in the contracts, resulting in Alliant Energy paying the counterparty $5.2 million (IPL paying $3.2 million and WPL paying $2.0 million) in April 2009. IPL and WPL did not enter into HDD swap agreements for 2010.

A summary of the losses resulting from changes in the value of weather derivatives for the first quarter of 2009 was as follows (in millions):

	Alliant Energy	IPL	WPL
Electric utility operating revenues	($2.6)	($1.8)	($0.8)
Gas utility operating revenues	(2.6)	(1.4)	(1.2)

(12) COMMITMENTS AND CONTINGENCIES

(a) Capital Purchase Obligations - Alliant Energy, IPL and WPL have entered into capital purchase obligations that contain minimum future commitments related to capital expenditures for their proposed wind projects. The obligations are related to capital purchase obligations under a master supply agreement executed in 2008 with Vestas for the purchase of 500 MW of wind turbine generator sets and related equipment to support IPL s and WPL s wind generation plans. At Sep. 30, 2010, Alliant Energy s, IPL s and WPL s minimum future commitments related to these capital expenditures were as follows (in millions):

	Alliant Energy	IPL	WPL
Wind projects	$ 177	$ 114	$ 63

(b) Operating Expense Purchase Obligations - Alliant Energy, IPL and WPL have entered into various commodity supply, transportation and storage contracts to meet their obligations to deliver electricity and natural gas to their utility customers. Alliant Energy, IPL and WPL also enter into other operating expense purchase obligations with various vendors for other goods and services. At Sep. 30, 2010, Alliant Energy s, IPL s and WPL s minimum future commitments related to these operating expense purchase obligations were as follows (in millions):

	Alliant Energy	IPL	WPL
Purchased power (a):			
DAEC (IPL)	$ 626	$ 626	$
Kewaunee Nuclear Power Plant (Kewaunee) (WPL)	231		231
Other	56	19	37
	913	645	268
Natural gas	414	188	226
Coal (b)	258	99	31
Sulfur dioxide (SO2) emission allowances (c)	34	34	
Other (d)	56	16	29

	$ 1,675	$ 982	$ 554

(a) Includes payments required by purchased power agreements (PPAs) for capacity rights and minimum quantities of MWhs required to be purchased. Excludes contracts that are considered operating leases.

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(b) Corporate Services entered into system-wide coal contracts on behalf of IPL and WPL that include minimum future commitments of $128 million that have not been directly assigned to IPL and WPL since the specific needs of each utility were not yet known as of Sep. 30, 2010.

(c) IPL has entered into forward contracts to purchase SO2 emission allowances with vintage years of 2014 through 2017 from various counterparties for $34 million. Any SO2 emission allowances acquired under these forward contracts may be used to meet requirements under the Acid Rain Program regulations or the more stringent Clean Air Interstate Rule (CAIR) emission reduction standards. However, any emission allowances acquired under these forward contracts are not expected to be eligible to be used for compliance requirements under the proposed Transport Rule released by the EPA in July 2010. The compliance requirements under the proposed Transport Rule may begin as early as 2012. Existing CAIR compliance requirements are expected to remain in effect until compliance requirements under the proposed Transport Rule supersede them. Alliant Energy and IPL are monitoring the possibility of any losses from these forward contracts and the regulatory recovery of any such losses in light of the proposed Transport Rule issued in July 2010. Alliant Energy and IPL are currently unable to predict the ultimate impact these forward contracts will have on their financial condition and results of operations. As of Sep. 30, 2010, Alliant Energy and IPL did not believe any losses from these forward contracts were probable and therefore did not recognize any loss contingency amounts related to the forward contracts.

(d) Includes individual commitments incurred during the normal course of business that exceeded $1 million at Sep. 30, 2010.

(c) Legal Proceedings -

Air Permitting Violation Claims - In September 2010, Sierra Club filed in U.S. District Court for the Western District of Wisconsin a complaint against WPL, as owner and operator of the Nelson Dewey Generating Station (Nelson Dewey) and the Columbia Energy Center (Columbia), based on allegations that modifications were made at the facilities without complying with the Prevention of Significant Deterioration (PSD) program requirements, Title V Operating Permit requirements of the Clean Air Act (CAA) and state regulatory counterparts contained within the Wisconsin state implementation plans (SIP) designed to implement the CAA. In October 2010, WPL responded to these claims related to Nelson Dewey and Columbia by filing with the U.S. District Court an Answer denying the Columbia allegations and a Motion to Dismiss the Nelson Dewey allegations based on statute of limitations arguments. In September 2010, Sierra Club filed in U.S. District Court for the Eastern District of Wisconsin a complaint against WPL, as owner and operator of the Edgewater Generating Station (Edgewater), which contained similar allegations regarding air permitting violations at Edgewater. Both complaints allege that various projects performed at Nelson Dewey, Columbia and Edgewater in the past were major modifications, as defined in the CAA, and that the owners violated the CAA when they undertook those projects without obtaining permits and installing the best available emission controls for SO2, NOx and particulate matter. In the Edgewater complaint, additional allegations were made regarding violations of emission limits for visible emissions.

In December 2009, the EPA sent a Notice of Violation (NOV) to WPL as an owner and the operator of Nelson Dewey, Columbia and Edgewater. The NOV alleges that the owners failed to comply with appropriate pre-construction review and permitting requirements and as a result violated the PSD program requirements, Title V Operating Permit requirements of the CAA and the Wisconsin SIP.

In response to similar EPA CAA enforcement initiatives, certain utilities have elected to settle with the EPA, while others have elected to litigate. If the EPA and/or Sierra Club successfully prove their claims that projects completed in the past at Edgewater, Nelson Dewey and Columbia required either a state or federal CAA permit, WPL may, under the applicable statutes, be required to pay civil penalties in amounts of up to $37,500 per day for each violation and/or complete actions for injunctive relief. Payment of fines and/or injunctive relief could be included in a settlement outcome. Injunctive relief contained in settlements or court-ordered remedies for other utilities required the installation of pollution control technology, changed operating conditions including use of alternative fuels other than coal, caps for emissions and limitations on generation including retirement of generating units, and other supplemental environmental projects. Should similar remedies be required for final resolution of these matters at Edgewater, Nelson Dewey and Columbia, Alliant Energy and WPL would incur additional capital and operating expenditures. Alliant Energy and WPL are currently reviewing the allegations and are unable to predict the impact of the allegations on their financial condition or results of operations, but believe that an adverse outcome could be significant. WPL and the other owners of Edgewater and Columbia are exploring settlement options while simultaneously defending against these allegations. WPL believes the projects at Edgewater, Nelson Dewey and Columbia were routine or not projected to increase emissions and therefore did not violate the permitting requirements of the CAA. Alliant Energy and WPL do not currently believe any losses from these allegations are both probable and reasonably estimable and therefore have not recognized any related loss contingency amounts as of Sep. 30, 2010.

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Shareowner Derivative Complaint - On Feb. 27, 2009, a purported shareowner filed in the Circuit Court for Dane County, Wisconsin, a derivative complaint against certain current and former officers and directors of Alliant Energy alleging that such officers and directors breached their fiduciary duties by approving sales of assets of Resources in violation of the Indenture with respect to the now-retired Exchangeable Senior Notes due 2030 and wasting Alliant Energy s assets by compensating such officers and directors in connection with such sales. The purported shareowner had previously made a demand asking the Board of Directors to take action to remedy the alleged breaches of fiduciary duties by certain officers and directors. Under Wisconsin law, if a shareowner commences a derivative proceeding after making such a demand, the court must dismiss such a derivative proceeding if a committee of independent directors appointed by independent directors determines, acting in good faith after conducting a reasonable inquiry upon which its conclusions are based, that maintenance of the derivative proceeding is not in the best interests of the corporation. The independent directors of Alliant Energy appointed such a special litigation committee of independent directors, which conducted an inquiry into the allegations made in the demand from the purported shareowner and in a report delivered to Alliant Energy determined that maintenance of the derivative proceeding is not in the best interests of Alliant Energy. Based on that report, on Sep. 14, 2009, Alliant Energy filed a motion to dismiss the derivative proceeding in the Circuit Court for Dane County, Wisconsin. In August 2010, the court issued its decision to dismiss the lawsuit, leaving open an issue regarding plaintiff s attorneys fees, which are not expected to be material.

Alliant Energy Cash Balance Pension Plan (Plan) - In February 2008, a class action lawsuit was filed against the Plan. The complaint alleges that certain Plan participants who received distributions prior to their normal retirement age did not receive the full benefit to which they were entitled in violation of ERISA because the Plan applied an improper interest crediting rate to project the cash balance account to their normal retirement age. These Plan participants are limited to individuals who, prior to normal retirement age, received a lump sum distribution and/or received any form of distribution calculated under the Plan s prior formula after that benefit was determined to be more valuable than their benefit calculated under the Plan s cash balance formula. The court has certified two subclasses of plaintiffs that in aggregate include all persons vested or partially vested in the Plan who received these distributions from Jan. 1, 1998 through Aug. 17, 2006 including: 1) persons who received distributions from Jan. 1, 1998 through Feb. 28, 2002; and 2) persons who received distributions from Feb. 29, 2002 through Aug. 17, 2006. On June 3, 2010, the court granted the plaintiffs motion for summary judgment on liability in the lawsuit. The court also ruled with respect to damages that prejudgment interest on damages will be allowed at the prime rate at the time of the judgment and a pre-retirement mortality discount will apply to the damages calculation. The court later granted the plaintiffs motion for reconsideration of the application of a pre-retirement mortality discount. A bench trial on the issue of damages was held in June 2010, at which the court heard evidence on issues related to the amount of damages, including application of the pre-retirement mortality discount. The court has not yet issued a decision. The Plan is contesting the case and intends to pursue appropriate appeals. As previously disclosed, the plaintiffs submitted reports in September 2009 by their expert witnesses that quantified the alleged underpayments owed to plaintiffs between $24 million and $54 million, including interest. Alliant Energy disputes these amounts and believes that the ultimate liability of the Plan will be less than this range. However, Alliant Energy is currently unable to predict the final outcome of the class action lawsuit or the ultimate impact on its financial condition or results of operations but believes an adverse outcome could have a material effect on retirement plan funding and expense for Alliant Energy, IPL and WPL.

The interest crediting rate used to project the cash balance account to participants normal retirement age is also being considered by the IRS as part of its review of Alliant Energy s request for a favorable determination letter with respect to the tax-qualified status of the Plan. Alliant Energy has reached a tentative agreement with the IRS, which is expected to result in a favorable determination letter for the Plan. The agreement with the IRS is expected to require an amendment to the Plan, which will likely result in future payments to certain Plan participants.

As of Sep. 30, 2010, Alliant Energy recognized a loss contingency of $9 million ($6 million at IPL, $2 million at WPL and $1 million at Resources) in aggregate related to the class action lawsuit and the anticipated plan amendment resulting from the IRS discussions.

(d) Guarantees and Indemnifications - Alliant Energy provided indemnifications associated with various sales of its non-regulated businesses/assets for losses resulting from potential breach of the representations and warranties made by Alliant Energy on the sale dates and for the breach of its obligations under the sale agreements. Alliant Energy believes the likelihood of having to make any material cash payments under these indemnifications is remote. Alliant Energy recorded liabilities of $1 million related to these indemnifications as of Sep. 30, 2010. The terms of the indemnifications provided by Alliant Energy at Sep. 30, 2010 for the various sales were generally as follows (in millions):

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Businesses/Assets Sold	Disposal Date	Maximum Limit	Expiration Date
Brazil	First quarter of 2006	$ 10	January 2011
New Zealand	Fourth quarter of 2006	154 (a)	March 2012
Mexico	Second quarter of 2007	20	June 2012

(a) Based on exchange rates at Sep. 30, 2010

Alliant Energy also continues to guarantee the abandonment obligations of Whiting Petroleum Corporation under the Point Arguello partnership agreements. The guarantee does not include a maximum limit. As of Sep. 30, 2010, the present value of the abandonment obligations is estimated at $29 million. Alliant Energy believes that no payments will be made under this guarantee.

(e) Environmental Matters -

Manufactured gas plant (MGP) Sites - IPL and WPL have current or previous ownership interests in 40 and 14 sites, respectively, previously associated with the production of gas for which they may be liable for investigation, remediation and monitoring costs relating to the sites. IPL and WPL have received letters from state environmental agencies requiring no further action at ten and eight sites, respectively. Additionally, IPL has met state environmental agency expectations at three additional sites requiring no further action for soil remediation. IPL and WPL are working pursuant to the requirements of various federal and state agencies to investigate, mitigate, prevent and remediate, where necessary, the environmental impacts to property, including natural resources, at and around the sites in order to protect public health and the environment.

IPL and WPL record environmental liabilities related to these MGP sites based upon periodic studies. Such amounts are based on the best current estimate of the remaining amount to be incurred for investigation, remediation and monitoring costs for those sites where the investigation process has been or is substantially completed, and the minimum of the estimated cost range for those sites where the investigation is in its earlier stages. There are inherent uncertainties associated with the estimated remaining costs for MGP projects primarily due to unknown site conditions and potential changes in regulatory agency requirements. It is possible that future cost estimates will be greater than current estimates as the investigation process proceeds and as additional facts become known. The amounts recognized as liabilities are reduced for expenditures incurred and are adjusted as further information develops or circumstances change. Costs of future expenditures for environmental remediation obligations are not discounted to their fair value. Management currently estimates the range of remaining costs to be incurred for the investigation, remediation and monitoring of Alliant Energy s sites to be $21 million ($18 million for IPL and $3 million for WPL) to $46 million ($41 million for IPL and $5 million for WPL). At Sep. 30, 2010, Alliant Energy, IPL and WPL recorded $35 million, $30 million and $5 million, respectively, in current and non-current environmental liabilities for their remaining costs to be incurred for these MGP sites.

Other Environmental Contingencies - In addition to the environmental liabilities discussed above, Alliant Energy, IPL and WPL are also monitoring various environmental regulations that may have a significant impact on their future operations. Given uncertainties regarding the outcome, timing and compliance plans for these environmental regulations, Alliant Energy, IPL and WPL are currently not able to determine the complete financial impact of these regulations but do believe that future capital investments and/or modifications to their electric generating facilities to comply with these regulations could be significant. Specific current, proposed or potential environmental regulations that may require significant future expenditures by Alliant Energy, IPL and WPL include, among others: CAIR, Proposed Transport Rule, Clean Air Visibility Rule, Utility Maximum Achievable Control Technology (MACT) Rule, Wisconsin State Mercury Rule, Wisconsin Reasonably Available Control Technology (RACT) Rule, Ozone National Ambient Air Quality Standard (NAAQS) Rule, Fine Particle NAAQS Rule, Nitrogen Dioxide NAAQS Rule, SO2 NAAQS Rule, Industrial Boiler and Process Heater MACT Rule, Reciprocating Internal Combustion Engines (RICE) National Emission Standards for Hazardous Air Pollutants, Federal Clean Water Act including Section 316(b), Wisconsin State Thermal Rule, Coal Combustion By-products and various legislation and EPA regulations to monitor and regulate the emission of GHG including the EPA Mandatory GHG Reporting Rule, GHG Endangerment and Cause or Contribute Finding, and GHG Tailoring Rule and interpretive guidance. The following provides a brief description of recently issued environmental regulations.

Air Quality -

Proposed Transport Rule would require SO2 and NOx emissions reductions as early as 2012 from IPL s and WPL s fossil-fueled electric generating units with greater than 25 MW of capacity located in Iowa, Minnesota and Wisconsin.

Emission Standards for Internal Combustion Engines establishes national emission standards for hazardous air pollutants for existing diesel-fired stationary reciprocating internal combustion engines, including compression ignition engines.

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(f) WPL s Edgewater Unit 5 Purchase Agreement - In the fourth quarter of 2009, WPL and WEPCO entered into a contingent agreement for WPL to purchase WEPCO s 25% ownership interest in Edgewater Unit 5 for WEPCO s net book value, including working capital. In March 2010, the agreement became effective. In May 2010, WPL and WEPCO filed joint applications with the PSCW and FERC for WPL to purchase WEPCO s 25% ownership interest in Edgewater Unit 5. In June 2010, FERC authorized the transaction. Subject to receipt of approvals from the PSCW and Michigan Public Service Commission, WPL expects the transaction to close by the end of 2010 at an approximate purchase price of $40 million to $45 million depending on WEPCO s working capital balances and level of capital investment in Edgewater Unit 5 prior to the sale. If the purchase is completed, WPL would own 100% of Edgewater Unit 5.

(13) SEGMENTS OF BUSINESS

Certain financial information relating to Alliant Energy s business segments is as follows. Intersegment revenues were not material to Alliant Energy s operations. Refer to Note 1(c) for details of payments by WPL to Vestas in 2010 for its Bent Tree - Phase I wind project, which increased the assets of the electric segment.

	Utility Business				Non-regulated Businesses				Alliant Energy
	Electric	Gas	Other	Total	RMT	Other	Total	Other	Consolidated
					(in millions)				
Three Months Ended Sep. 30, 2010									
Operating revenues	**$ 842.0**	**$ 46.5**	**$ 15.9**	**$ 904.4**	**$ 35.9**	**$ 12.8**	**$ 48.7**	**($ 1.4)**	**$ 951.7**
Operating income (loss)	**241.1**	**(2.9)**	**4.2**	**242.4**	**(1.0)**	**5.1**	**4.1**	**0.1**	**246.6**
Amounts attributable to Alliant Energy common shareowners:									
Income (loss) from continuing operations, net of tax				**146.0**	**(0.6)**	**5.6**	**5.0**	**(0.1)**	**150.9**
Loss from discontinued operations, net of tax						**(1.8)**	**(1.8)**		**(1.8)**
Net income (loss) attributable to Alliant Energy common shareowners				**146.0**	**(0.6)**	**3.8**	**3.2**	**(0.1)**	**149.1**
Three Months Ended Sep. 30, 2009									
Operating revenues	725.3	39.1	20.1	784.5	89.9	10.7	100.6	(1.1)	884.0
Operating income (loss)	161.5	(2.5)	(0.9)	158.1	(1.3)	4.3	3.0	(1.7)	159.4
Amounts attributable to Alliant Energy common shareowners:									
Income (loss) from continuing operations, net of tax				89.2	(0.7)	1.7	1.0	(133.8)	(43.6)
Loss from discontinued operations, net of tax						(0.7)	(0.7)		(0.7)
Net income (loss) attributable to Alliant Energy common shareowners				89.2	(0.7)	1.0	0.3	(133.8)	(44.3)
Nine Months Ended Sep. 30, 2010									
Operating revenues	**2,074.2**	**330.9**	**48.9**	**2,454.0**					