

INTERSTATE POWER & LIGHT CO

Form 10-Q

November 09, 2012

Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2012

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) Alliant Energy Tower Cedar Rapids, Iowa 52401 Telephone (319) 786-4411	42-0331370
0-337	WISCONSIN POWER AND LIGHT COMPANY (a Wisconsin corporation) 4902 N. Biltmore Lane Madison, Wisconsin 53718 Telephone (608) 458-3311	39-0714890

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

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

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

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

	Large Accelerated Filer	Accelerated Filer	Non-accelerated Filer	Smaller Reporting Company Filer
Alliant Energy Corporation	<input checked="" type="checkbox"/>			
Interstate Power and Light Company			<input checked="" type="checkbox"/>	
Wisconsin Power and Light Company			<input checked="" type="checkbox"/>	

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

Number of shares outstanding of each class of common stock as of September 30, 2012:

Alliant Energy Corporation	Common stock, \$0.01 par value, 110,987,400 shares outstanding
Interstate Power and Light Company	Common stock, \$2.50 par value, 13,370,788 shares outstanding (all of which are owned beneficially and of record by Alliant Energy Corporation)
Wisconsin Power and Light Company	Common stock, \$5 par value, 13,236,601 shares outstanding (all of which are owned beneficially and of record by Alliant Energy Corporation)

Table of Contents

TABLE OF CONTENTS

	Page
<u>Forward-looking Statements</u>	<u>1</u>
<u>Part I. Financial Information</u>	<u>3</u>
<u>Item 1. Condensed Consolidated Financial Statements (Unaudited)</u>	<u>3</u>
Alliant Energy Corporation:	
<u>Condensed Consolidated Statements of Income for the Three and Nine Months Ended September 30, 2012 and 2011</u>	<u>3</u>
<u>Condensed Consolidated Balance Sheets as of September 30, 2012 and December 31, 2011</u>	<u>4</u>
<u>Condensed Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2012 and 2011</u>	<u>6</u>
Interstate Power and Light Company:	
<u>Condensed Consolidated Statements of Income for the Three and Nine Months Ended September 30, 2012 and 2011</u>	<u>7</u>
<u>Condensed Consolidated Balance Sheets as of September 30, 2012 and December 31, 2011</u>	<u>8</u>
<u>Condensed Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2012 and 2011</u>	<u>10</u>
Wisconsin Power and Light Company:	
<u>Condensed Consolidated Statements of Income for the Three and Nine Months Ended September 30, 2012 and 2011</u>	<u>11</u>
<u>Condensed Consolidated Balance Sheets as of September 30, 2012 and December 31, 2011</u>	<u>12</u>
<u>Condensed Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2012 and 2011</u>	<u>14</u>
<u>Combined Notes to Condensed Consolidated Financial Statements</u>	<u>15</u>
<u>1. Summary of Significant Accounting Policies</u>	<u>15</u>
<u>2. Utility Rate Cases</u>	<u>19</u>
<u>3. Receivables</u>	<u>20</u>
<u>4. Income Taxes</u>	<u>21</u>
<u>5. Benefit Plans</u>	<u>23</u>
<u>6. Common Equity</u>	<u>29</u>
<u>7. Debt</u>	<u>29</u>
<u>8. Investments</u>	<u>30</u>
<u>9. Fair Value Measurements</u>	<u>30</u>
<u>10. Derivative Instruments</u>	<u>36</u>
<u>11. Commitments and Contingencies</u>	<u>37</u>
<u>12. Segments of Business</u>	<u>41</u>
<u>13. Discontinued Operations and Assets and Liabilities Held for Sale</u>	<u>44</u>
<u>14. Asset Retirement Obligations</u>	<u>45</u>
<u>15. Variable Interest Entities</u>	<u>45</u>
<u>16. Related Parties</u>	<u>45</u>
<u>17. Earnings Per Share</u>	<u>46</u>

Table of Contents

	Page
<u>Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>46</u>
<u>Executive Summary</u>	<u>47</u>
<u>Strategic Overview</u>	<u>51</u>
<u>Rate Matters</u>	<u>54</u>
<u>Environmental Matters</u>	<u>58</u>
<u>Legislative Matters</u>	<u>60</u>
<u>Alliant Energy’s Results of Operations</u>	<u>60</u>
<u>IPL’s Results of Operations</u>	<u>67</u>
<u>WPL’s Results of Operations</u>	<u>70</u>
<u>Liquidity and Capital Resources</u>	<u>73</u>
<u>Other Matters</u>	<u>77</u>
<u>Market Risk Sensitive Instruments and Positions</u>	<u>77</u>
<u>Critical Accounting Policies and Estimates</u>	<u>78</u>
<u>Other Future Considerations</u>	<u>80</u>
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>82</u>
<u>Item 4. Controls and Procedures</u>	<u>82</u>
<u>Part II. Other Information</u>	<u>82</u>
<u>Item 1. Legal Proceedings</u>	<u>82</u>
<u>Item 1A. Risk Factors</u>	<u>83</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>83</u>
<u>Item 6. Exhibits</u>	<u>83</u>
<u>Signatures</u>	<u>84</u>

Table of Contents

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,” “anticipate,” “plan” 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) that could materially affect actual results include:

- federal and state regulatory or governmental actions, including the impact of energy, tax, financial and health care legislation, and of regulatory agency orders;
- IPL’s and WPL’s ability to obtain adequate and timely rate relief to allow for, among other things, the recovery of operating costs, fuel costs, transmission costs, deferred expenditures, capital expenditures, and remaining costs related to generating units that may be permanently closed, earning their authorized rates of return, and the payments to their parent of expected levels of dividends;
- weather effects on results of utility operations including impacts of temperature changes and drought conditions in IPL’s and WPL’s service territories on customers’ demand for electricity and gas;
- the ability to continue cost controls and operational efficiencies;
- the impact of IPL’s retail electric base rate freeze in Iowa through 2013;
- the impact of WPL’s retail electric and gas base rate freeze in Wisconsin during 2013 and 2014;
- 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;
- developments that adversely impact Alliant Energy’s, IPL’s and WPL’s ability to implement their strategic plans, including unanticipated issues with new emission control equipment for various coal-fired electric generating facilities of IPL and WPL, WPL’s purchase of the Riverside Energy Center (Riverside), IPL’s construction of a new natural gas-fired electric generating facility in Iowa, IPL’s new purchased power agreement (PPA) with NextEra Energy Resources, LLC (NER), Alliant Energy Resources, LLC’s (Resources’) construction of and selling price of the electricity output from its new 100 megawatt (MW) Franklin County wind project, and the potential decommissioning of certain generating facilities of IPL and WPL;
- issues related to the availability of generating facilities and the supply and delivery of fuel and purchased electricity and the price thereof, including the ability to recover and to retain the recovery of purchased power, fuel and fuel-related costs through rates in a timely manner;
- the impact that fuel and fuel-related prices may have on IPL’s and WPL’s customers’ demand for utility services;
- 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;
- issues associated with environmental remediation efforts and with environmental compliance generally, including changing environmental laws and regulations and litigations associated with changing environmental laws and regulations;
- the ability to recover through rates all environmental compliance and remediation costs, including costs for projects put on hold due to uncertainty of future environmental laws and regulations;
- impacts of future tax benefits from deductions for repairs expenditures and mixed service costs and temporary differences from historical tax benefits from such deductions that are reversing into income tax expense in future periods;
- the impact of changes to governmental incentive elections for wind projects;

Table of Contents

the ability to find a purchaser for RMT, Inc. (RMT), to successfully negotiate a purchase agreement and to close the sale of RMT;

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

- inflation and interest rates;

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

issues related to electric transmission, including operating in 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 the Alliant Energy Cash Balance Pension Plan (Cash Balance 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;

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;

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

access to technological developments;

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

material changes in retirement and benefit plan costs;

the impact of incentive compensation plans accruals;

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

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

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

the ability to successfully complete tax audits, changes in tax accounting methods and appeals with no material impact on earnings and cash flows; and

factors listed in Management's Discussion and Analysis of Financial Condition and Results of Operations and in Item 1A Risk Factors in the combined Annual Report on Form 10-K filed by Alliant Energy, IPL and WPL for the year ended December 31, 2011 (2011 Form 10-K).

Alliant Energy, IPL and WPL assume no obligation, and disclaim any duty, to update the forward-looking statements in this report.

Table of Contents

PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

ALLIANT ENERGY CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2012	2011	2012	2011
	(dollars in millions, except per share amounts)			
Operating revenues:				
Utility:				
Electric	\$815.3	\$796.9	\$2,000.3	\$2,037.7
Gas	46.8	46.4	263.9	342.5
Other	12.2	15.8	39.7	45.8
Non-regulated	13.3	11.8	39.7	34.6
Total operating revenues	887.6	870.9	2,343.6	2,460.6
Operating expenses:				
Utility:				
Electric production fuel and energy purchases	221.6	215.3	550.4	590.0
Purchased electric capacity	84.0	80.2	216.2	205.2
Electric transmission service	94.9	88.9	255.7	242.6
Cost of gas sold	17.7	19.8	141.1	211.0
Other operation and maintenance	144.7	147.1	432.6	476.6
Non-regulated operation and maintenance	3.7	4.7	8.6	13.3
Depreciation and amortization	83.6	80.7	247.4	240.0
Taxes other than income taxes	23.7	24.8	73.5	74.6
Total operating expenses	673.9	661.5	1,925.5	2,053.3
Operating income	213.7	209.4	418.1	407.3
Interest expense and other:				
Interest expense	38.3	38.8	115.8	119.7
Equity income from unconsolidated investments, net	(10.4)	(10.1)	(30.4)	(29.6)
Allowance for funds used during construction	(5.8)	(2.8)	(14.4)	(8.6)
Interest income and other	(0.7)	(0.6)	(2.4)	(2.2)
Total interest expense and other	21.4	25.3	68.6	79.3
Income from continuing operations before income taxes	192.3	184.1	349.5	328.0
Income taxes	39.3	43.3	83.8	54.5
Income from continuing operations, net of tax	153.0	140.8	265.7	273.5
Income (loss) from discontinued operations, net of tax	1.7	(14.9)	(2.3)	(12.6)
Net income	154.7	125.9	263.4	260.9
Preferred dividend requirements of subsidiaries	4.0	3.9	11.9	14.3
Net income attributable to Alliant Energy common shareowners	\$150.7	\$122.0	\$251.5	\$246.6
Weighted average number of common shares outstanding (basic) (000s)	110,768	110,647	110,747	110,613
Weighted average number of common shares outstanding (diluted) (000s)	110,779	110,695	110,763	110,668
Earnings per weighted average common share attributable to Alliant Energy common shareowners (basic and diluted):				
Income from continuing operations, net of tax	\$1.34	\$1.23	\$2.29	\$2.34
Income (loss) from discontinued operations, net of tax	0.02	(0.13)	(0.02)	(0.11)

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Net income	\$1.36	\$1.10	\$2.27	\$2.23
Amounts attributable to Alliant Energy common shareowners:				
Income from continuing operations, net of tax	\$149.0	\$136.9	\$253.8	\$259.2
Income (loss) from discontinued operations, net of tax	1.7	(14.9)	(2.3)	(12.6)
Net income attributable to Alliant Energy common shareowners	\$150.7	\$122.0	\$251.5	\$246.6
Dividends declared per common share	\$0.45	\$0.425	\$1.35	\$1.275

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

Table of Contents

ALLIANT ENERGY CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	September 30, 2012 (in millions)	December 31, 2011
ASSETS		
Property, plant and equipment:		
Utility:		
Electric plant in service	\$8,335.4	\$8,165.4
Gas plant in service	869.4	852.9
Other plant in service	512.5	510.1
Accumulated depreciation	(3,351.5)	(3,206.0)
Net plant	6,365.8	6,322.4
Construction work in progress:		
Edgewater Generating Station Unit 5 emission controls (Wisconsin Power and Light Company)	124.0	77.7
Columbia Energy Center Units 1 and 2 emission controls (Wisconsin Power and Light Company)	91.6	9.0
George Neal Generating Station Units 3 and 4 emission controls (Interstate Power and Light Company)	53.5	8.3
Ottumwa Generating Station Unit 1 emission controls (Interstate Power and Light Company)	53.3	7.7
Other	159.1	154.5
Other, less accumulated depreciation	21.3	34.9
Total utility	6,868.6	6,614.5
Non-regulated and other:		
Non-regulated Generation, less accumulated depreciation	326.5	270.6
Alliant Energy Corporate Services, Inc. and other, less accumulated depreciation	189.5	148.2
Total non-regulated and other	516.0	418.8
Total property, plant and equipment	7,384.6	7,033.3
Current assets:		
Cash and cash equivalents	41.1	11.4
Accounts receivable:		
Customer, less allowance for doubtful accounts	93.9	88.1
Unbilled utility revenues	59.8	75.1
Other, less allowance for doubtful accounts	239.7	114.9
Income tax refunds receivable	43.9	39.1
Production fuel, at weighted average cost	110.5	101.9
Materials and supplies, at weighted average cost	61.4	58.5
Gas stored underground, at weighted average cost	37.3	57.7
Regulatory assets	92.9	103.6
Derivative assets	35.9	12.7
Prepaid gross receipts tax	29.1	40.2
Deferred income tax assets	90.0	22.8
Assets held for sale	51.4	119.6
Prepayments and other	41.7	25.0
Total current assets	1,028.6	870.6
Investments:		

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Investment in American Transmission Company LLC	253.2	238.8
Other	60.9	61.9
Total investments	314.1	300.7
Other assets:		
Regulatory assets	1,425.5	1,391.4
Deferred charges and other	98.1	91.9
Total other assets	1,523.6	1,483.3
Total assets	\$10,250.9	\$9,687.9

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

Table of Contents

ALLIANT ENERGY CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED) (Continued)

	September 30, 2012	December 31, 2011
	(in millions, except per share and share amounts)	
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Alliant Energy Corporation common equity:		
Common stock - \$0.01 par value - 240,000,000 shares authorized; 110,987,400 and 111,018,821 shares outstanding	\$1.1	\$1.1
Additional paid-in capital	1,512.1	1,510.8
Retained earnings	1,612.1	1,510.2
Accumulated other comprehensive loss	(0.8	) (0.8
Shares in deferred compensation trust - 261,057 and 262,735 shares at a weighted average cost of \$32.68 and \$31.68 per share	(8.5	) (8.3
Total Alliant Energy Corporation common equity	3,116.0	3,013.0
Cumulative preferred stock of Interstate Power and Light Company	145.1	145.1
Noncontrolling interest	1.7	1.8
Total equity	3,262.8	3,159.9
Cumulative preferred stock of Wisconsin Power and Light Company	60.0	60.0
Long-term debt, net (excluding current portion)	2,828.1	2,703.1
Total capitalization	6,150.9	5,923.0
Current liabilities:		
Current maturities of long-term debt	1.4	1.4
Commercial paper	70.4	102.8
Accounts payable	418.0	267.8
Regulatory liabilities	168.5	164.7
Accrued taxes	37.4	46.9
Accrued interest	46.6	46.6
Derivative liabilities	37.8	55.9
Liabilities held for sale	66.1	62.1
Other	99.3	107.0
Total current liabilities	945.5	855.2
Other long-term liabilities and deferred credits:		
Deferred income tax liabilities	1,836.7	1,592.2
Regulatory liabilities	737.9	745.4
Pension and other benefit obligations	310.8	312.7
Other	269.1	259.4
Total long-term liabilities and deferred credits	3,154.5	2,909.7
Total capitalization and liabilities	\$10,250.9	\$9,687.9

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

Table of Contents

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

	For the Nine Months Ended September 30,	
	2012	2011
	(in millions)	
Cash flows from operating activities:		
Net income	\$263.4	\$260.9
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	247.9	242.3
Other amortizations	41.3	42.1
Deferred tax expense and investment tax credits	85.6	30.7
Equity income from unconsolidated investments, net	(30.4)	(29.6)
Distributions from equity method investments	25.7	24.4
Other	(8.4)	13.5
Other changes in assets and liabilities:		
Accounts receivable	50.9	(49.7)
Sales of accounts receivable	(85.0)	50.0
Production fuel	(8.6)	27.7
Regulatory assets	(73.5)	(191.1)
Deferred income tax assets	(67.2)	(0.6)
Accounts payable	47.2	25.9
Regulatory liabilities	5.0	158.5
Deferred income tax liabilities	157.7	97.4
Pension and other benefit obligations	(1.9)	(67.9)
Other	(49.4)	(21.8)
Net cash flows from operating activities	600.3	612.7
Cash flows used for investing activities:		
Construction and acquisition expenditures:		
Utility business	(412.7)	(480.2)
Alliant Energy Corporate Services, Inc. and non-regulated businesses	(106.3)	(46.1)
Other	1.3	19.9
Net cash flows used for investing activities	(517.7)	(506.4)
Cash flows used for financing activities:		
Common stock dividends	(149.6)	(141.1)
Preferred dividends paid by subsidiaries	(11.9)	(12.9)
Payments to redeem cumulative preferred stock of IPL	—	(40.0)
Proceeds from issuance of long-term debt	75.0	0.4
Net change in commercial paper	17.6	(25.3)
Other	16.0	(1.0)
Net cash flows used for financing activities	(52.9)	(219.9)
Net increase (decrease) in cash and cash equivalents	29.7	(113.6)
Cash and cash equivalents at beginning of period	11.4	159.3
Cash and cash equivalents at end of period	\$41.1	\$45.7
Supplemental cash flows information:		
Cash paid (refunded) during the period for:		
Interest, net of capitalized interest	\$115.6	\$119.0
Income taxes, net of refunds	(\$0.8)	(\$3.0)

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Significant noncash investing and financing activities:

Accrued capital expenditures	\$123.8	\$27.7
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The accompanying Combined Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

Table of Contents

INTERSTATE POWER AND LIGHT COMPANY

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2012	2011	2012	2011
	(in millions)			
Operating revenues:				
Electric utility	\$456.6	\$443.2	\$1,070.7	\$1,097.3
Gas utility	29.6	27.5	149.2	198.1
Steam and other	11.5	13.8	37.2	40.7
Total operating revenues	497.7	484.5	1,257.1	1,336.1
Operating expenses:				
Electric production fuel and energy purchases	116.7	109.9	272.8	294.1
Purchased electric capacity	42.1	40.5	119.1	114.4
Electric transmission service	67.3	61.7	175.7	163.6
Cost of gas sold	12.9	12.7	80.5	126.2
Other operation and maintenance	86.4	84.8	257.1	282.0
Depreciation and amortization	47.3	45.2	141.1	134.1
Taxes other than income taxes	13.0	13.2	39.5	39.6
Total operating expenses	385.7	368.0	1,085.8	1,154.0
Operating income	112.0	116.5	171.3	182.1
Interest expense and other:				
Interest expense	19.5	19.5	58.8	59.2
Allowance for funds used during construction	(2.1	) (1.3	) (5.3	) (4.3
Interest income and other	—	0.1	(0.2	) (0.1
Total interest expense and other	17.4	18.3	53.3	54.8
Income before income taxes	94.6	98.2	118.0	127.3
Income tax benefit	(11.9	) (3.2	) (6.6	) (2.2
Net income	106.5	101.4	124.6	129.5
Preferred dividend requirements	3.2	3.1	9.4	11.8
Earnings available for common stock	\$103.3	\$98.3	\$115.2	\$117.7

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

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

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

	September 30, 2012	December 31, 2011
	(in millions)	
ASSETS		
Property, plant and equipment:		
Electric plant in service	\$4,767.4	\$4,684.0
Gas plant in service	436.9	428.2
Steam plant in service	34.9	34.9
Other plant in service	253.6	246.4
Accumulated depreciation	(1,907.0)	(1,833.8)
Net plant	3,585.8	3,559.7
Construction work in progress:		
George Neal Generating Station Units 3 and 4 emission controls	53.5	8.3
Ottumwa Generating Station Unit 1 emission controls	53.3	7.7
Other	87.4	80.6
Other, less accumulated depreciation	19.8	19.8
Total property, plant and equipment	3,799.8	3,676.1
Current assets:		
Cash and cash equivalents	5.3	2.1
Accounts receivable, less allowance for doubtful accounts	183.4	75.2
Income tax refunds receivable	20.7	28.4
Production fuel, at weighted average cost	76.1	67.7
Materials and supplies, at weighted average cost	33.3	31.5
Gas stored underground, at weighted average cost	19.6	25.5
Regulatory assets	55.2	59.0
Derivative assets	25.9	9.2
Deferred income tax assets	35.9	13.5
Prepayments and other	11.9	11.0
Total current assets	467.3	323.1
Investments	17.0	16.8
Other assets:		
Regulatory assets	1,095.8	1,058.3
Deferred charges and other	19.3	19.2
Total other assets	1,115.1	1,077.5
Total assets	\$5,399.2	\$5,093.5

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

Table of Contents

INTERSTATE POWER AND LIGHT COMPANY

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED) (Continued)

	September 30, 2012	December 31, 2011
	(in millions, except per share and share amounts)	
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Interstate Power and Light Company common equity:		
Common stock - \$2.50 par value - 24,000,000 shares authorized; 13,370,788 shares outstanding	\$33.4	\$33.4
Additional paid-in capital	1,007.8	927.7
Retained earnings	456.9	433.3
Total Interstate Power and Light Company common equity	1,498.1	1,394.4
Cumulative preferred stock	145.1	145.1
Total equity	1,643.2	1,539.5
Long-term debt, net	1,359.3	1,309.0
Total capitalization	3,002.5	2,848.5
Current liabilities:		
Commercial paper	—	7.1
Accounts payable	231.4	118.2
Accounts payable to associated companies	35.1	36.7
Regulatory liabilities	111.0	137.1
Accrued taxes	38.0	43.8
Accrued interest	22.9	22.8
Derivative liabilities	17.9	24.5
Other	34.2	32.3
Total current liabilities	490.5	422.5
Other long-term liabilities and deferred credits:		
Deferred income tax liabilities	1,039.4	936.9
Regulatory liabilities	577.1	584.2
Pension and other benefit obligations	99.8	101.9
Other	189.9	199.5
Total other long-term liabilities and deferred credits	1,906.2	1,822.5
Total capitalization and liabilities	\$5,399.2	\$5,093.5

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

Table of ContentsINTERSTATE POWER AND LIGHT COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	For the Nine Months Ended September 30, 2012 2011 (in millions)	
Cash flows from operating activities:		
Net income	\$124.6	\$129.5
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	141.1	134.1
Deferred tax benefit and investment tax credits	(9.2)	(31.1)
Other	5.4	17.6
Other changes in assets and liabilities:		
Accounts receivable	(2.6)	14.3
Sales of accounts receivable	(85.0)	50.0
Production fuel	(8.4)	19.3
Regulatory assets	(57.7)	(202.0)
Deferred income tax assets	(22.4)	3.1
Accounts payable	27.4	(2.3)
Accrued taxes	(5.8)	(28.2)
Regulatory liabilities	(27.5)	145.1
Deferred income tax liabilities	111.3	91.5
Pension and other benefit obligations	(2.1)	(37.5)
Other	(16.7)	10.7
Net cash flows from operating activities	172.4	314.1
Cash flows used for investing activities:		
Utility construction and acquisition expenditures	(194.6)	(232.3)
Proceeds from sale of wind project assets to affiliate	—	115.3
Other	(16.5)	(15.2)
Net cash flows used for investing activities	(211.1)	(132.2)
Cash flows from (used for) financing activities:		
Common stock dividends	(91.6)	(43.7)
Preferred stock dividends	(9.4)	(10.4)
Capital contributions from parent	80.0	—
Repayment of capital to parent	—	(100.7)
Payments to redeem cumulative preferred stock	—	(40.0)
Net change in commercial paper	42.9	—
Changes in cash overdrafts	20.0	7.3
Other	—	0.1
Net cash flows from (used for) financing activities	41.9	(187.4)
Net increase (decrease) in cash and cash equivalents	3.2	(5.5)
Cash and cash equivalents at beginning of period	2.1	5.7
Cash and cash equivalents at end of period	\$5.3	\$0.2
Supplemental cash flows information:		
Cash paid (refunded) during the period for:		
Interest	\$58.5	\$58.3
Income taxes, net of refunds	(\$11.3)	\$15.0

Significant noncash investing and financing activities:

Accrued capital expenditures	\$69.2	\$11.3
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The accompanying Combined Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

Table of Contents

WISCONSIN POWER AND LIGHT COMPANY

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2012	2011	2012	2011
	(in millions)			
Operating revenues:				
Electric utility	\$358.7	\$353.7	\$929.6	\$940.4
Gas utility	17.2	18.9	114.7	144.4
Other	0.7	2.0	2.5	5.1
Total operating revenues	376.6	374.6	1,046.8	1,089.9
Operating expenses:				
Electric production fuel and energy purchases	104.9	105.4	277.6	295.9
Purchased electric capacity	41.9	39.7	97.1	90.8
Electric transmission service	27.6	27.2	80.0	79.0
Cost of gas sold	4.8	7.1	60.6	84.8
Other operation and maintenance	58.3	62.3	175.5	194.6
Depreciation and amortization	35.8	35.0	104.8	104.5
Taxes other than income taxes	9.9	11.0	31.7	33.1
Total operating expenses	283.2	287.7	827.3	882.7
Operating income	93.4	86.9	219.5	207.2
Interest expense and other:				
Interest expense	19.7	19.9	59.6	60.0
Equity income from unconsolidated investments	(10.5)	) (9.8)	) (31.2)	) (28.9)
Allowance for funds used during construction	(3.7)	) (1.5)	) (9.1)	) (4.3)
Total interest expense and other	5.5	8.6	19.3	26.8
Income before income taxes	87.9	78.3	200.2	180.4
Income taxes	31.2	26.9	75.5	59.6
Net income	56.7	51.4	124.7	120.8
Preferred dividend requirements	0.8	0.8	2.5	2.5
Earnings available for common stock	\$55.9	\$50.6	\$122.2	\$118.3

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

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

Table of Contents

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

	September 30, 2012	December 31, 2011
	(in millions)	
ASSETS		
Property, plant and equipment:		
Electric plant in service	\$3,568.0	\$3,481.4
Gas plant in service	432.5	424.7
Other plant in service	224.0	228.8
Accumulated depreciation	(1,444.5	) (1,372.2
Net plant	2,780.0	2,762.7
Leased Sheboygan Falls Energy Facility, less accumulated amortization	78.6	83.2
Construction work in progress:		
Edgewater Generating Station Unit 5 emission controls	124.0	77.7
Columbia Energy Center Units 1 and 2 emission controls	91.6	9.0
Other	71.7	73.9
Other, less accumulated depreciation	1.5	15.1
Total property, plant and equipment	3,147.4	3,021.6
Current assets:		
Cash and cash equivalents	16.2	2.7
Accounts receivable:		
Customer, less allowance for doubtful accounts	84.6	76.2
Unbilled utility revenues	59.8	75.1
Other, less allowance for doubtful accounts	44.4	38.2
Income tax refunds receivable	23.0	0.7
Production fuel, at weighted average cost	34.4	34.2
Materials and supplies, at weighted average cost	26.7	25.7
Gas stored underground, at weighted average cost	17.7	32.2
Regulatory assets	37.7	44.6
Derivative assets	10.0	3.5
Prepaid gross receipts tax	29.1	40.2
Deferred income tax assets	50.3	6.0
Prepayments and other	20.8	6.7
Total current assets	454.7	386.0
Investments:		
Investment in American Transmission Company LLC	253.2	238.8
Other	19.3	19.8
Total investments	272.5	258.6
Other assets:		
Regulatory assets	329.7	333.1
Deferred charges and other	53.6	44.7
Total other assets	383.3	377.8
Total assets	\$4,257.9	\$4,044.0

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

Table of Contents

WISCONSIN POWER AND LIGHT COMPANY

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED) (Continued)

	September 30, 2012	December 31, 2011
	(in millions, except per share and share amounts)	
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Wisconsin Power and Light Company common equity:		
Common stock - \$5 par value - 18,000,000 shares authorized; 13,236,601 shares outstanding	\$66.2	\$66.2
Additional paid-in capital	869.2	869.0
Retained earnings	545.3	507.2
Total Wisconsin Power and Light Company common equity	1,480.7	1,442.4
Cumulative preferred stock	60.0	60.0
Long-term debt, net	1,082.5	1,082.2
Total capitalization	2,623.2	2,584.6
Current liabilities:		
Commercial paper	—	25.7
Accounts payable	133.5	98.5
Accounts payable to associated companies	20.5	20.5
Regulatory liabilities	57.5	27.6
Accrued interest	18.1	21.6
Derivative liabilities	19.9	31.4
Other	38.3	32.3
Total current liabilities	287.8	257.6
Other long-term liabilities and deferred credits:		
Deferred income tax liabilities	809.3	672.5
Regulatory liabilities	160.8	161.2
Capital lease obligations - Sheboygan Falls Energy Facility	100.2	103.3
Pension and other benefit obligations	127.8	128.0
Other	148.8	136.8
Total long-term liabilities and deferred credits	1,346.9	1,201.8
Total capitalization and liabilities	\$4,257.9	\$4,044.0

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

Table of Contents

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

	For the Nine Months Ended September 30,	
	2012	2011
	(in millions)	
Cash flows from operating activities:		
Net income	\$124.7	\$120.8
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	104.8	104.5
Other amortizations	32.7	31.8
Deferred tax expense and investment tax credits	89.3	77.3
Equity income from unconsolidated investments	(31.2)	(28.9)
Distributions from equity method investments	25.7	24.4
Other	(8.9)	6.9
Other changes in assets and liabilities:		
Accounts receivable	9.9	27.5
Income tax refunds receivable	(22.3)	25.1
Regulatory assets	(15.8)	10.9
Deferred income tax assets	(44.3)	(1.3)
Regulatory liabilities	32.5	13.4
Deferred income tax liabilities	46.6	6.2
Pension and other benefit obligations	(0.2)	(15.5)
Other	(3.9)	(21.8)
Net cash flows from operating activities	339.6	381.3
Cash flows used for investing activities:		
Utility construction and acquisition expenditures	(218.1)	(247.9)
Other	5.6	5.5
Net cash flows used for investing activities	(212.5)	(242.4)
Cash flows used for financing activities:		
Common stock dividends	(84.1)	(83.3)
Preferred stock dividends	(2.5)	(2.5)
Capital contributions from parent	—	25.0
Net change in commercial paper	(25.7)	(47.4)
Other	(1.3)	(7.3)
Net cash flows used for financing activities	(113.6)	(115.5)
Net increase in cash and cash equivalents	13.5	23.4
Cash and cash equivalents at beginning of period	2.7	0.1
Cash and cash equivalents at end of period	\$16.2	\$23.5
Supplemental cash flows information:		
Cash paid (refunded) during the period for:		
Interest	\$63.1	\$63.4
Income taxes, net of refunds	\$7.9	(\$37.1)
Significant noncash investing and financing activities:		
Accrued capital expenditures	\$45.0	\$15.1

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

Table of Contents

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

COMBINED NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) General - The interim condensed consolidated financial statements included herein have been prepared by Alliant Energy, IPL and WPL, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, certain information and note disclosures normally included in financial statements prepared in accordance with 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. Alliant Energy's condensed consolidated financial statements include the accounts of Alliant Energy and its consolidated subsidiaries (including IPL, WPL, Resources and Alliant Energy Corporate Services, Inc. (Corporate Services)). IPL's condensed consolidated financial statements include the accounts of IPL and its consolidated subsidiary. WPL's condensed consolidated financial statements include the accounts of WPL and its consolidated subsidiaries. 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 September 30, 2012 and 2011, the condensed consolidated financial position at September 30, 2012 and December 31, 2011, and the condensed consolidated statements of cash flows for the nine months ended September 30, 2012 and 2011 have been made. Results for the nine months ended September 30, 2012 are not necessarily indicative of results that may be expected for the year ending December 31, 2012. A change in management's estimates or assumptions could have a material impact on Alliant Energy's, IPL's and WPL's respective financial condition and results of operations during the period in which such change occurred. Certain prior period amounts in the Condensed Consolidated Financial Statements and Notes to Condensed Consolidated Financial Statements have been reclassified to conform to the current period presentation for comparative purposes. Unless otherwise noted, the notes herein have been revised to exclude discontinued operations and assets and liabilities held for sale for all periods presented.

(b) Regulatory Assets and Regulatory Liabilities -

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

	Alliant Energy		IPL		WPL	
	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011
Tax-related	\$709.4	\$634.7	\$686.2	\$614.6	\$23.2	\$20.1
Pension and other postretirement benefits costs	495.4	514.1	256.3	264.9	239.1	249.2
Asset retirement obligations (AROs)	57.8	65.9	38.7	48.7	19.1	17.2
Derivatives	56.6	77.7	22.6	33.5	34.0	44.2
Environmental-related costs	36.3	38.9	31.5	32.2	4.8	6.7
Emission allowances	30.0	30.0	30.0	30.0	—	—
Debt redemption costs	20.3	21.8	14.0	15.1	6.3	6.7
IPL's electric transmission service costs	18.7	24.9	18.7	24.9	—	—

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Proposed base-load projects costs	16.0	21.5	11.4	15.3	4.6	6.2
Other	77.9	65.5	41.6	38.1	36.3	27.4
	\$1,518.4	\$1,495.0	\$1,151.0	\$1,117.3	\$367.4	\$377.7

15

Table of Contents

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

	Alliant Energy		IPL		WPL	
	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011
Cost of removal obligations	\$406.6	\$404.9	\$266.5	\$261.9	\$140.1	\$143.0
IPL's tax benefit rider	327.4	349.6	327.4	349.6	—	—
Energy conservation cost recovery	48.8	29.6	8.9	4.7	39.9	24.9
IPL's electric transmission assets sale	35.2	45.1	35.2	45.1	—	—
Derivatives	21.3	7.2	10.2	3.6	11.1	3.6
Commodity cost recovery	20.4	23.8	14.8	23.2	5.6	0.6
Other	46.7	49.9	25.1	33.2	21.6	16.7
	\$906.4	\$910.1	\$688.1	\$721.3	\$218.3	\$188.8

Tax-related - Alliant Energy's and IPL's tax-related regulatory assets are generally impacted by certain property-related differences at IPL for which deferred tax is not recorded in the income statement pursuant to Iowa rate-making principles. Deferred tax amounts are recorded to regulatory assets, along with the necessary revenue requirement tax gross-ups. During the nine months ended September 30, 2012, Alliant Energy's and IPL's tax-related regulatory assets increased primarily due to changes in the estimated amount of qualifying repair expenditures and allocation of mixed service costs at IPL.

Derivatives - In accordance with IPL's and WPL's fuel and natural gas recovery mechanisms, prudently incurred costs from derivative instruments are recovered from customers in the future after any losses are realized and gains from derivative instruments are refunded to customers in the future after any gains are realized. Based on these recovery mechanisms, the changes in the fair value of derivative liabilities/assets resulted in comparable changes to regulatory assets/liabilities on Alliant Energy's, IPL's and WPL's Condensed Consolidated Balance Sheets for the nine months ended September 30, 2012. Refer to Note 10 for additional details of Alliant Energy's, IPL's and WPL's derivative assets and derivative liabilities.

Emission allowances - IPL entered into forward contracts in 2007 to purchase sulfur dioxide (SO₂) emission allowances with vintage years of 2014 through 2017 from various counterparties for \$34 million to meet future Clean Air Interstate Rule (CAIR) emission reduction standards. Any SO₂ emission allowances acquired under these forward contracts may be used to meet requirements under the existing Acid Rain program regulations or the more stringent CAIR emission reduction standards but are not eligible to be used for compliance requirements under the Cross-State Air Pollution Rule (CSAPR). In July 2011, the EPA issued CSAPR to replace CAIR with an anticipated effective date in 2012. As a result of the issuance of CSAPR, Alliant Energy and IPL concluded in the third quarter of 2011 that the allowances to be acquired under these forward contracts would not be needed by IPL to comply with expected environmental regulations in the future. The value of these allowances was nominal, which was significantly below the \$34 million contract price for these allowances. As a result, Alliant Energy and IPL recognized charges of \$34 million for these forward contracts in the third quarter of 2011. The \$34 million obligation was recorded in other long-term liabilities and deferred credits in the third quarter of 2011. Alliant Energy and IPL concluded that \$30 million of the charges are probable of recovery from IPL's customers and therefore were recorded to regulatory assets in the third quarter of 2011. The remaining \$4 million of charges were determined not to be probable of recovery from IPL's customers resulting in \$2 million of charges related to electric customers recorded to "Electric production fuel and energy purchases" and \$2 million of charges related to steam customers recorded to "Utility - Other operation and maintenance" in Alliant Energy's and IPL's Condensed Consolidated Statements of Income for the three and nine months ended September 30, 2011. In August 2012, the U.S. Court of Appeals for the D.C. Circuit (D.C. Circuit Court) issued its opinion to the EPA vacating and remanding CSAPR for further revision to the EPA. The D.C. Circuit

Court order also requires the EPA to continue administering CAIR pending the promulgation of a valid replacement for CSAPR. Despite CSAPR being vacated, the current value of these allowances continues to be nominal and significantly below the \$34 million contract price for these allowances. Alliant Energy and IPL currently believe that CAIR will be replaced in the future, either by a modified CSAPR or another rule that addresses the interstate transport of air pollutants.

Proposed base-load projects costs - In accordance with the Minnesota Public Utilities Commission's (MPUC's) August 2011 order related to IPL's 2009 test year Minnesota retail electric rate case, IPL was authorized to recover \$2 million of previously incurred plant cancellation costs for its proposed base-load project referred to as Sutherland #4. As a result, Alliant Energy and IPL recorded a \$2 million increase to regulatory assets, and a \$2 million credit to "Utility - Other operation and maintenance" in their Condensed Consolidated Statements of Income for the nine months ended September 30, 2011.

Table of Contents

IPL's tax benefit rider - Alliant Energy's and IPL's "IPL's tax benefit rider" regulatory liabilities in the above table decreased \$22 million primarily due to \$63 million of regulatory liabilities used to credit IPL's Iowa retail electric customers' bills during the nine months ended September 30, 2012. This item was offset by changes in the estimated amounts of qualifying repair expenditures and allocation of mixed service costs at IPL. Refer to Note 2 for discussion of a proposed tax benefit rider for IPL's Iowa retail gas customers and Note 4 for additional details regarding the tax benefit rider for IPL's Iowa retail electric customers.

Energy conservation cost recovery - WPL collects revenues from its customers to offset certain expenditures incurred by WPL for conservation programs, including state mandated programs and WPL's Shared Savings program. Differences between forecasted costs used to set rates and actual costs for these programs are deferred as a regulatory asset or regulatory liability. During the nine months ended September 30, 2012, WPL's forecasted costs used to set current rates exceeded actual costs for these programs, resulting in a \$15 million increase to Alliant Energy's and WPL's "Energy conservation cost recovery" regulatory liability.

IPL's electric transmission assets sale - In accordance with the MPUC's August 2011 order related to IPL's 2009 test year Minnesota retail electric rate case, IPL was authorized to refund a higher amount of the gain realized from the sale of its electric transmission assets in 2007 to its Minnesota retail electric customers than previously estimated. As a result, Alliant Energy and IPL recorded a \$5 million increase to regulatory liabilities, and a \$5 million charge to "Utility - Other operation and maintenance" in their Condensed Consolidated Statements of Income for the nine months ended September 30, 2011 for the additional amount to be refunded.

Other - Based on an assessment completed for the nine months ended September 30, 2011, Alliant Energy, IPL and WPL recognized impairment charges of \$7 million, \$2 million and \$5 million, respectively, for regulatory assets that were no longer probable of future recovery. The regulatory asset impairment charges were recorded by Alliant Energy, IPL and WPL as reductions in regulatory assets, and charges to "Utility - Other operation and maintenance" in their Condensed Consolidated Statements of Income for the nine months ended September 30, 2011.

Based on the Public Service Commission of Wisconsin's (PSCW's) July 2012 order related to WPL's 2013/2014 test period Wisconsin retail electric and gas rate case, WPL was authorized to recover previously incurred costs associated with the acquisition of a 25% ownership interest in Edgewater Unit 5 and proposed clean air compliance plan projects. As a result, Alliant Energy and WPL recorded a \$5 million increase to "Regulatory assets" on their Condensed Consolidated Balance Sheets and a \$5 million credit to "Utility - Other operation and maintenance" in their Condensed Consolidated Statements of Income for the nine months ended September 30, 2012.

(c) Utility Property, Plant and Equipment -

WPL's Edgewater Unit 5 Emission Controls Project - WPL is currently installing a selective catalytic reduction (SCR) system at Edgewater Unit 5 to reduce nitrogen oxide (NOx) emissions at the generating facility. Construction began in the third quarter of 2010 and is expected to be completed by the end of 2012. The SCR is expected to help meet requirements under the Wisconsin Reasonably Available Control Technology (RACT) Rule, which require additional NOx emission reductions at Edgewater by May 2013. As of September 30, 2012, WPL recorded capitalized expenditures of \$116 million and allowance for funds used during construction (AFUDC) of \$8 million for the SCR system in "Construction work in progress - Edgewater Generating Station Unit 5 emission controls" on Alliant Energy's and WPL's Condensed Consolidated Balance Sheets.

WPL's Columbia Units 1 and 2 Emission Controls Project - WPL is currently installing scrubbers and baghouses at Columbia Units 1 and 2 to reduce SO2 and mercury emissions at the generating facility. WPL owns a 46.2% interest in Columbia Units 1 and 2. Construction began in the first quarter of 2012 and is expected to be completed in 2014. The scrubbers and baghouses are expected to help meet requirements under CAIR or some alternative to this rule that

may be implemented, the Utility Maximum Achievable Control Technology (MACT) Rule and the Wisconsin State Mercury Rule. As of September 30, 2012, WPL recorded capitalized expenditures of \$90 million and AFUDC of \$2 million for its allocated portion of the scrubbers and baghouses in “Construction work in progress - Columbia Energy Center Units 1 and 2 emission controls” on Alliant Energy’s and WPL’s Condensed Consolidated Balance Sheets.

Table of Contents

IPL's George Neal Units 3 and 4 Emission Controls Project - MidAmerican Energy Company (MidAmerican) is currently installing scrubbers and baghouses at George Neal Units 3 and 4 to reduce SO₂ and mercury emissions at the generating facility. IPL owns a 28.0% and 25.695% interest in George Neal Units 3 and 4, respectively. Construction began in the fourth quarter of 2011 and is expected to be completed in 2013 and 2014. The scrubbers and baghouses are expected to help meet requirements under CAIR or some alternative to this rule that may be implemented and the Utility MACT Rule. As of September 30, 2012, IPL recorded capitalized expenditures of \$53 million and AFUDC of \$1 million for its allocated portion of the scrubbers and baghouses in "Construction work in progress - George Neal Generating Station Units 3 and 4 emission controls" on Alliant Energy's and IPL's Condensed Consolidated Balance Sheets.

IPL's Ottumwa Unit 1 Emission Controls Project - IPL is currently installing a scrubber and baghouse at Ottumwa Unit 1 to reduce SO₂ and mercury emissions at the generating facility. IPL owns a 48% interest in Ottumwa Unit 1. Construction began in the second quarter of 2012 and is expected to be completed in 2014. The scrubber and baghouse are expected to help meet requirements under CAIR or some alternative to this rule that may be implemented and the Utility MACT Rule. As of September 30, 2012, IPL recorded capitalized expenditures of \$52 million and AFUDC of \$1 million for its allocated portion of the scrubber and baghouse in "Construction work in progress - Ottumwa Generating Station Unit 1 emission controls" on Alliant Energy's and IPL's Condensed Consolidated Balance Sheets.

Franklin County Wind Project - In 2008, Alliant Energy entered into a master supply agreement with Vestas-American Wind Technology, Inc. (Vestas) to purchase 500 MW of wind turbine generator sets and related equipment. Alliant Energy utilized 400 MW of these wind turbine generator sets and related equipment to construct IPL's Whispering Willow - East and WPL's Bent Tree - Phase I wind projects. In the second quarter of 2011, Alliant Energy decided to utilize the remaining 100 MW of wind turbine generator sets and related equipment at Resources to build the Franklin County wind project. In the second quarter of 2011, IPL sold the assets for this wind project to Resources for \$115.3 million, which represented IPL's book value for progress payments to date for the 100 MW of wind turbine generator sets and related equipment and land rights in Franklin County, Iowa. In addition, Resources assumed the remaining progress payments to Vestas for the 100 MW of wind turbine generator sets and related equipment. The proceeds received by IPL were recorded in investing activities in IPL's Condensed Consolidated Statement of Cash Flows for the nine months ended September 30, 2011. Refer to Note 1(d) for further discussion of the Franklin County wind project.

IPL's Whispering Willow - East Wind Project - In 2011, IPL received an order from the MPUC approving a temporary recovery rate for the Minnesota retail portion of its Whispering Willow - East wind project construction costs. In its order, the MPUC did not conclude on the prudence of these project costs. The prudence of these project costs and the final recovery rate for these costs will be addressed in a separate proceeding that is expected to be completed in 2013. The initial recovery rate approved by the MPUC is below the amount required by IPL to recover the Minnesota retail portion of its total project costs. Based on its interpretation of the order, IPL currently believes that it is probable it will not be allowed to recover the entire Minnesota retail portion of its project costs. IPL currently believes the most likely outcome of the final rate proceeding will result in the MPUC effectively disallowing recovery of approximately \$8 million of project costs out of a total of approximately \$30 million of project costs allocated to the Minnesota retail jurisdiction. As a result, IPL recognized an \$8 million impairment related to this probable disallowance, which was recorded as a reduction to electric plant in service and a charge to "Utility - Other operation and maintenance" in Alliant Energy's and IPL's Condensed Consolidated Statements of Income for the nine months ended September 30, 2011. This amount is subject to change until the MPUC determines the final recovery rate for these project costs.

Wind Site in Green Lake and Fond du Lac Counties in Wisconsin - In 2009, WPL purchased development rights to an approximate 100 MW wind site in Green Lake and Fond du Lac Counties in Wisconsin. Due to events in the first

quarter of 2011 resulting in uncertainty regarding wind siting requirements in Wisconsin and increased risks with permitting this wind site, WPL determined it would be difficult to sell or effectively use the site for wind development. As a result, WPL recognized a \$5 million impairment in the first quarter of 2011 for the amount of capitalized costs incurred for this site. The impairment was recorded as a reduction in other utility property, plant and equipment, and a charge to "Utility - Other operation and maintenance" in Alliant Energy's and WPL's Condensed Consolidated Statements of Income for the nine months ended September 30, 2011.

Depreciation - In May 2012, the PSCW issued an order approving the implementation of updated depreciation rates for WPL as a result of a recently completed depreciation study. The updated depreciation rates will be effective January 1, 2013 for all assets other than Riverside. WPL's depreciation rates for Riverside will be effective on the purchase date of Riverside. WPL estimates the new average rates of depreciation for its electric generation, electric distribution and gas properties will be approximately 3.4%, 2.7% and 2.5%, respectively, during 2013.

Table of Contents

(d) Non-regulated and Other Property, Plant and Equipment - As of September 30, 2012, Alliant Energy recorded capitalized expenditures of \$198 million, capitalized interest of \$8 million and AROs of \$8 million in Non-regulated Generation property, plant and equipment on Alliant Energy's balance sheet related to Resources' Franklin County wind project. Alliant Energy expects to place the Franklin County wind project in service in the fourth quarter of 2012. Refer to Note 1(c) for further discussion of the Franklin County wind project and Note 14 for further discussion of the Franklin County wind project AROs.

In April 2012, Alliant Energy exercised its option under the corporate headquarters lease and purchased the building at the expiration of the lease term for \$48 million.

(e) Comprehensive Income - For the three and nine months ended September 30, 2012 and 2011, Alliant Energy's other comprehensive income was not material; therefore, its comprehensive income was substantially equal to its net income for such periods. For the three and nine months ended September 30, 2012 and 2011, IPL and WPL had no other comprehensive income; therefore their comprehensive income was equal to their earnings available for common stock for such periods.

(f) Cash Flows Presentation - Alliant Energy reports cash flows from continuing operations together with cash flows from discontinued operations in its Condensed Consolidated Statements of Cash Flows. Refer to Note 13 for details of cash flows from discontinued operations.

(2) UTILITY RATE CASES

WPL's Wisconsin Retail Electric and Gas Rate Case (2013/2014 Test Period) - In May 2012, WPL filed a retail base rate filing based on a forward-looking test period that includes 2013 and 2014. The filing requested approval for WPL to implement a decrease in annual base rates for WPL's retail gas customers of \$13 million effective January 1, 2013 followed by a freeze of such gas base rates through the end of 2014. The filing also requested authority to maintain customer base rates for WPL's retail electric customers at their current levels through the end of 2014. Recovery of the costs for the planned acquisition of Riverside, the SCR project at Edgewater Unit 5 and the scrubber and baghouse projects at Columbia Units 1 and 2 are included in the request. The recovery of the costs for these capital projects are offset by decreases in rate base resulting from increased net deferred tax liabilities, the impact of changes in the amortizations of regulatory assets and regulatory liabilities, and the reduction of capacity payments. In July 2012, WPL received an order from the PSCW authorizing WPL to implement its retail base rate filing as requested. Refer to Note 1(b) for details of increases to "Regulatory assets" on Alliant Energy's and WPL's Condensed Consolidated Balance Sheets and regulatory-related credits to "Utility - Other operation and maintenance" in Alliant Energy's and WPL's Condensed Consolidated Statements of Income during the nine months ended September 30, 2012 as a result of the PSCW's order authorizing WPL to recover previously incurred costs associated with the acquisition of a 25% interest in Edgewater Unit 5 and proposed clean air compliance plan projects.

IPL's Iowa Retail Gas Rate Case (2011 Test Year) - In May 2012, IPL filed a request with the Iowa Utilities Board (IUB) to increase annual rates for its Iowa retail gas customers by \$15 million, or approximately 6%. The request was based on a 2011 historical test year as adjusted for certain known and measurable changes occurring up to 12 months after the commencement of the proceeding. The key drivers for the filing included recovery of capital investments since IPL's last Iowa retail gas rate case filed in 2005. IPL's request included a proposal to utilize regulatory liabilities to credit bills of Iowa retail gas customers to help mitigate the impact of the proposed final rate increase on such customers. IPL is proposing to reduce customer bills utilizing a tax benefit rider over a three-year period by approximately \$36 million in aggregate. In conjunction with the filing, IPL implemented an interim retail gas rate increase of \$9 million, or approximately 3%, on an annual basis, effective June 4, 2012, without regulatory review and subject to refund pending determination of final rates from the request. During the three and nine months ended September 30, 2012, Alliant Energy and IPL recorded \$2 million and \$2 million, respectively, in gas revenues from

IPL's Iowa retail gas customers related to the interim retail gas rate increase. In August 2012, IPL, the Iowa Office of Consumer Advocate (OCA) and the Iowa Consumers Coalition filed a unanimous settlement proposal with the IUB addressing all issues among these parties related to this rate case. The unanimous settlement proposal includes an increase in annual rates for IPL's Iowa retail gas customers of \$11 million and utilization of IPL's proposed tax benefit rider. The unanimous settlement proposal and the gas tax benefit rider for this rate case are subject to approval by the IUB. The IUB established a December 2012 hearing date to address the issues in this rate case and is expected to issue its decision by April 2013.

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 included recovery of investments in the Whispering Willow - East wind project and emission controls projects at

Table of Contents

Lansing Unit 4, and recovery of increased electric transmission service costs. In conjunction with the filing, IPL implemented an interim retail rate increase of \$14 million, on an annual basis, effective July 6, 2010. In November 2011, IPL received an order from the MPUC authorizing a final annual retail electric rate increase equivalent to \$11 million. The final annual retail electric rate increase of \$11 million includes \$8 million of higher base rates, \$2 million from the temporary renewable energy rider and \$1 million from the utilization of regulatory liabilities to offset higher electric transmission service costs. Refer to Note 1(b) for discussion of changes to regulatory assets and regulatory liabilities during the nine months ended September 30, 2011 based on the MPUC's decisions to provide IPL's retail electric customers in Minnesota additional refunds from the gain on the sale of electric transmission assets in 2007 and to provide IPL recovery of \$2 million of previously incurred costs for Sutherland #4. Refer to Note 1(c) for discussion of an impairment recognized during the nine months ended September 30, 2011 based on the MPUC's decision regarding the recovery of IPL's Whispering Willow - East wind project costs.

WPL's Retail Fuel-related Rate Case (2013 Test Year) - In June 2012, WPL filed a request with the PSCW to decrease annual rates for WPL's retail electric customers by \$25 million, or approximately 2%, to reflect anticipated decreases in retail electric production fuel and energy purchases costs (fuel-related costs) in 2013 compared to the fuel-related cost estimates used to determine rates for 2012. In October 2012, WPL received an oral decision from the PSCW authorizing an annual retail electric rate decrease of \$29 million, or approximately 3%, related to expected changes in retail fuel-related costs. The 2013 fuel-related costs approved by the PSCW were based on forecasted energy market prices for 2013, which were updated in October 2012. WPL currently anticipates the 2013 fuel-related costs will be monitored using an annual bandwidth of plus or minus 2%. The rate change granted from this request is scheduled to be effective on January 1, 2013.

WPL's Retail Fuel-related Rate Case (2012 Test Year) - In December 2011, WPL received an order from the PSCW authorizing an annual retail electric rate increase of \$4 million related to expected changes in retail fuel-related costs for 2012. The December 2011 order also required WPL to defer direct CSAPR compliance costs that are not included in the fuel monitoring level and set a zero percent tolerance band for the CSAPR-related deferral. The 2012 fuel-related costs, excluding deferred CSAPR compliance costs, will be monitored using an annual bandwidth of plus or minus 2%. The retail electric rate increase granted from this request was effective January 1, 2012. Retail fuel-related costs incurred by WPL for the period from January 2012 through September 2012 were lower than retail fuel-related costs used to determine rates. WPL currently projects that its retail fuel-related costs for the 2012 calendar year will remain lower than the approved fuel monitoring level by more than the 2% bandwidth resulting in future refunds anticipated to be paid to WPL's retail electric customers. As of September 30, 2012, Alliant Energy and WPL recorded \$5 million in "Regulatory liabilities" on their Condensed Consolidated Balance Sheets for refunds anticipated to be paid to WPL's retail electric customers.

(3) RECEIVABLES

Sales of Accounts Receivable - IPL maintains a 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. In March 2012, IPL extended through March 2014 the purchase commitment from the third-party financial institution to which it sells its receivables. In exchange for the receivables sold, IPL receives cash proceeds from the third-party financial institution (based on seasonal limits up to \$180 million), and deferred proceeds recorded in "Accounts receivable" on Alliant Energy's and IPL's Condensed Consolidated Balance Sheets.

As of September 30, 2012 and December 31, 2011, IPL sold \$210.9 million and \$195.3 million aggregate amounts of receivables, respectively. IPL's maximum and average outstanding cash proceeds, and costs incurred related to the sales of accounts receivable program for the three and nine months ended September 30 were as follows (in millions):

Three Months	Nine Months
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	2012	2011	2012	2011
Maximum outstanding aggregate cash proceeds (based on daily outstanding balances)	\$150.0	\$160.0	\$160.0	\$160.0
Average outstanding aggregate cash proceeds (based on daily outstanding balances)	95.0	125.4	124.2	114.0
Costs incurred	0.4	0.3	1.1	1.1

Table of Contents

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

	September 30, 2012	December 31, 2011
Customer accounts receivable	\$137.9	\$122.4
Unbilled utility revenues	64.7	65.4
Other receivables	8.3	7.5
Receivables sold	210.9	195.3
Less: cash proceeds (a)	55.0	140.0
Deferred proceeds	155.9	55.3
Less: allowance for doubtful accounts	2.0	1.6
Fair value of deferred proceeds	\$153.9	\$53.7
Outstanding receivables past due	\$16.6	\$15.9

(a) Changes in cash proceeds for the nine months ended September 30, 2012 are 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 September 30 were as follows (in millions):

	Three Months		Nine Months	
	2012	2011	2012	2011
Collections reinvested in receivables	\$522.9	\$482.3	\$1,334.7	\$1,367.8
Credit losses, net of recoveries	3.0	3.4	7.3	7.9

(4) INCOME TAXES

Income Tax Rates - The provision for income taxes for earnings from continuing operations is based on an estimated annual effective income tax rate that excludes the impact of significant unusual or infrequently occurring items, discontinued operations or extraordinary items. The effective income tax rates for Alliant Energy, IPL and WPL differ from the federal statutory rate of 35% generally due to effects of enacted tax legislation, utility rate-making, including the tax benefit rider, tax credits, state income taxes and certain non-deductible expenses. Changes in state apportionment rates caused by the planned sale of Alliant Energy's RMT business also impacted the effective income tax rates for the nine months ended September 30, 2012 for Alliant Energy, IPL and WPL. The effective income tax rates shown in the following table for the three and nine months ended September 30 were computed by dividing income tax expense (benefit) by income from continuing operations before income taxes.

	Three Months		Nine Months	
	2012	2011	2012	2011
Alliant Energy	20.4	% 23.5	% 24.0	% 16.6
IPL	(12.6	%) (3.3	%) (5.6	%) (1.7
WPL	35.5	% 34.4	% 37.7	% 33.0

State Apportionment - Alliant Energy, IPL and WPL utilize state apportionment projections to record their deferred tax assets and liabilities each reporting period. Deferred tax assets and liabilities for temporary differences between the tax basis of assets and liabilities and the amounts reported in the condensed consolidated financial statements are recorded utilizing currently enacted tax rates and estimates of future state apportionment rates expected to be in effect at the time the temporary differences reverse. These state apportionment projections are most significantly impacted by the estimated amount of revenues expected in the future from each state jurisdiction for Alliant Energy's consolidated tax group, including both its regulated operations and its non-regulated operations. In the first quarter of 2012, Alliant Energy, IPL and WPL recorded \$15.2 million, \$8.1 million and \$7.0 million, respectively, of deferred income tax expense due to changes in state apportionment projections caused by the planned sale of Alliant Energy's RMT business. These income tax expense amounts recognized in the first quarter of 2012 increased Alliant Energy's,

IPL's and WPL's effective income tax rates for continuing operations for the nine months ended September 30, 2012 by 4.3%, 6.9% and 3.5%, respectively.

IPL's Electric Tax Benefit Rider - In January 2011, the IUB approved an electric tax benefit rider proposed by IPL, which utilizes tax-related regulatory liabilities to credit bills of Iowa retail electric customers beginning in February 2011 to help offset the impact of recent rate increases on such customers. These regulatory liabilities are related to tax benefits from tax

Table of Contents

accounting method changes for repairs, mixed service costs and allocation of insurance proceeds from the floods in 2008. Alliant Energy's and IPL's effective income tax rates for the three and nine months ended September 30, 2012 and 2011 include the impact of reducing income tax expense with offsetting reductions to regulatory liabilities as a result of implementing the electric tax benefit rider. Tax benefit rider-related regulatory liabilities of \$23 million and \$63 million for the three and nine months ended September 30, 2012, and \$20 million and \$44 million for the three and nine months ended September 30, 2011, respectively, were used to credit IPL's Iowa retail electric customers' bills. The tax impacts of the electric tax benefit rider are currently expected to decrease Alliant Energy's and IPL's 2012 annual effective income tax rates for continuing operations by 11.0% and 34.5%, respectively. The tax impacts of the electric tax benefit rider decreased Alliant Energy's effective income tax rates for continuing operations by 9.2% and 8.9% for the three and nine months ended September 30, 2011, respectively, and decreased IPL's effective income tax rates by 26.5% and 25.4% for the three and nine months ended September 30, 2011, respectively.

Production Tax Credits - Alliant Energy has three wind projects that are currently generating production tax credits: WPL's 68 MW Cedar Ridge wind project, which began generating electricity in late 2008; IPL's 200 MW Whispering Willow - East wind project, which began generating electricity in late 2009; and WPL's 200 MW Bent Tree - Phase I wind project, which began generating electricity in late 2010. For the three and nine months ended September 30, production tax credits (net of state tax impacts) resulting from these wind projects were as follows (in millions):

	Three Months		Nine Months	
	2012	2011	2012	2011
Cedar Ridge (WPL)	\$0.7	\$0.6	\$3.0	\$3.2
Bent Tree - Phase I (WPL)	1.8	1.4	6.0	6.7
Subtotal (WPL)	2.5	2.0	9.0	9.9
Whispering Willow - East (IPL)	2.0	1.8	8.7	8.2
	\$4.5	\$3.8	\$17.7	\$18.1

Effect of Rate-making on Property-related Differences - Alliant Energy's and IPL's income tax expense and benefits are impacted by certain property-related differences at IPL for which deferred tax is not recognized in the income statement pursuant to Iowa rate-making principles. The primary factor contributing to the increase in the current tax benefits recorded for the effect of rate-making on property-related differences is related to repair expenditures and the allocation of mixed service costs at IPL in 2012. The Internal Revenue Service (IRS) audit process was completed for allocation of mixed service costs with the income tax return for calendar year 2010 and repairs expenditures with the income tax return for calendar year 2011. The tax benefits and expenses from the change in accounting method for allocation of mixed service costs subsequent to 2010 and the tax benefits and expenses from the change in accounting method for repairs expenditures subsequent to 2011 are being recorded consistent with general Iowa rate-making principles, which impact income tax expense and benefits at Alliant Energy and IPL.

Wisconsin Tax Legislation - In June 2011, the 2011 Wisconsin Act 32 (Act 32) was enacted. The most significant provision of Act 32 for Alliant Energy authorizes combined groups to share net operating loss carryforwards that were incurred by group members prior to January 1, 2009 and utilize these shared net operating losses over 20 years beginning after December 31, 2011. Based on this provision of Act 32, Alliant Energy anticipated its Wisconsin combined group will be able to fully utilize \$368 million of Wisconsin net operating losses incurred by Alliant Energy and Resources prior to January 1, 2009 to offset future taxable income and therefore reversed previously recorded deferred tax asset valuation allowances related to state net operating loss carryforwards of \$19 million in the second quarter of 2011. The income tax benefits recognized in the second quarter of 2011 from Act 32 decreased Alliant Energy's effective income tax rate for continuing operations by 5.8% for the nine months ended September 30, 2011.

Deferred Tax Assets and Liabilities - For the nine months ended September 30, 2012, Alliant Energy's, IPL's and WPL's current deferred tax assets increased \$67.2 million, \$22.4 million and \$44.3 million, respectively, and Alliant

Energy's, IPL's and WPL's non-current deferred tax liabilities increased \$244.5 million, \$102.5 million and \$136.8 million, respectively. These increases were primarily due to a transfer of deferred tax assets from non-current to current caused by an increase in the amount of federal and state net operating loss carryforwards expected to be utilized during the next 12 months. The increase in non-current deferred tax liabilities was also due to property-related temporary differences recorded during the nine months ended September 30, 2012 from bonus depreciation deductions available in 2012.

Bonus Depreciation Deductions - In 2010, the Small Business Jobs Act of 2010 (SBJA) and the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 (the Act) were enacted. The most significant provisions of the SBJA and the Act for Alliant Energy, IPL and WPL are related to the extension of bonus depreciation deductions for certain

Table of Contents

expenditures for property that are placed in service through December 31, 2012. Based on capital projects expected to be placed into service in 2012, Alliant Energy currently estimates its total bonus depreciation deductions to be claimed in its 2012 federal income tax return will be approximately \$415 million (\$114 million for IPL, \$203 million for WPL and \$98 million for Resources).

Carryforwards - At September 30, 2012, tax carryforwards and associated deferred tax assets and expiration dates were estimated as follows (in millions):

Alliant Energy	Carryforward Amount	Deferred Tax Assets	Earliest Expiration Date
Federal net operating losses	\$828	\$284	2028
Federal net operating losses offset - uncertain tax positions	(55)	(19))
State net operating losses	776	40	2014
State net operating losses offset - uncertain tax positions	(26)	(2))
Federal tax credits	128	126	2022
		\$429	
IPL	Carryforward Amount	Deferred Tax Assets	Earliest Expiration Date
Federal net operating losses	\$354	\$121	2028
Federal net operating losses offset - uncertain tax positions	(25)	(9))
State net operating losses	170	9	2022
Federal tax credits	34	34	2022
		\$155	
WPL	Carryforward Amount	Deferred Tax Assets	Earliest Expiration Date
Federal net operating losses	\$379	\$130	2028
Federal net operating losses offset - uncertain tax positions	(30)	(10))
State net operating losses	183	10	2022
State net operating losses offset - uncertain tax positions	(26)	(2))
Federal tax credits	36	35	2022
		\$163	

Uncertain Tax Positions - In October 2012, the Joint Committee of Taxation finalized the audits of Alliant Energy's, IPL's and WPL's federal income tax returns for calendar years 2005 through 2009. The completion of these audits also finalized the deductions for the repairs expenditures change in method of accounting included in Alliant Energy's, IPL's and WPL's federal income tax returns for calendar years 2008 through 2010. With the completion of these audits in the fourth quarter of 2012, Alliant Energy, IPL and WPL expect to reduce their uncertain tax positions related to the repairs expenditures change in method of accounting. The reduction of these uncertain tax positions is not expected to have a material impact on effective tax rates for continuing operations for Alliant Energy, IPL and WPL in the fourth quarter of 2012.

(5) BENEFIT PLANS**(a) Pension and Other Postretirement Benefits Plans -**

Net Periodic Benefit Costs (Credits) - The components of net periodic benefit costs (credits) for Alliant Energy's, IPL's and WPL's sponsored defined benefit pension and other postretirement benefits plans, and defined benefit pension plans amounts directly assigned to IPL and WPL, for the three and nine months ended September 30 are included in the tables below (in millions). In the "IPL" and "WPL" tables below, the qualified defined benefit pension plans costs represent only those respective costs for IPL's and WPL's bargaining unit employees covered under the plans that are sponsored by IPL and WPL, respectively. Also in the "IPL" and "WPL" tables below, the other postretirement benefits

plans costs (credits) represent costs (credits) for all IPL and WPL employees, respectively. The “Directly assigned defined benefit pension plans” tables below include amounts directly assigned to each of IPL and WPL related to IPL’s and WPL’s current and former non-bargaining employees who are participants in Alliant Energy and Corporate Services sponsored qualified and non-qualified defined benefit pension plans.

Table of Contents

Alliant Energy	Defined Benefit Pension Plans				Other Postretirement Benefits Plans			
	Three Months		Nine Months		Three Months		Nine Months	
	2012	2011	2012	2011	2012	2011	2012	2011
Service cost	\$3.3	\$2.9	\$10.0	\$8.6	\$1.7	\$1.6	\$5.2	\$5.4
Interest cost	13.0	13.0	38.9	39.0	2.6	2.8	7.7	9.5
Expected return on plan assets	(17.2)	(15.9)	(51.6)	(47.8)	(1.9)	(2.0)	(5.7)	(5.9)
Amortization of:								
Prior service cost (credit)	0.1	0.2	0.2	0.6	(3.0)	(3.4)	(9.0)	(6.6)
Actuarial loss	8.3	5.2	24.9	15.7	1.6	1.2	4.7	4.0
Additional benefit costs (a)	—	1.3	—	10.2	—	—	—	—
Settlement loss	—	1.1	—	1.1	—	—	—	—
	\$7.5	\$7.8	\$22.4	\$27.4	\$1.0	\$0.2	\$2.9	\$6.4
IPL	Qualified Defined Benefit Pension Plans				Other Postretirement Benefits Plans			
	Three Months		Nine Months		Three Months		Nine Months	
	2012	2011	2012	2011	2012	2011	2012	2011
Service cost	\$1.8	\$1.5	\$5.6	\$4.6	\$0.7	\$0.6	\$2.2	\$2.0
Interest cost	4.3	4.2	12.8	12.5	1.1	1.3	3.3	4.3
Expected return on plan assets	(5.8)	(5.0)	(17.3)	(15.0)	(1.3)	(1.4)	(3.9)	(4.0)
Amortization of:								
Prior service cost (credit)	0.1	0.2	0.3	0.4	(1.5)	(1.8)	(4.7)	(3.3)
Actuarial loss	2.6	1.4	7.7	4.3	0.9	0.7	2.7	2.2
	\$3.0	\$2.3	\$9.1	\$6.8	(\$0.1)	(\$0.6)	(\$0.4)	\$1.2
WPL	Qualified Defined Benefit Pension Plan				Other Postretirement Benefits Plans			
	Three Months		Nine Months		Three Months		Nine Months	
	2012	2011	2012	2011	2012	2011	2012	2011
Service cost	\$1.3	\$1.1	\$3.9	\$3.4	\$0.7	\$0.7	\$2.1	\$2.2
Interest cost	4.1	4.1	12.3	12.1	1.0	1.1	3.1	3.7
Expected return on plan assets	(5.6)	(5.0)	(16.8)	(15.0)	(0.3)	(0.3)	(1.0)	(1.0)
Amortization of:								
Prior service cost (credit)	0.2	0.1	0.4	0.4	(1.0)	(1.1)	(2.9)	(2.2)
Actuarial loss	3.0	1.8	9.1	5.3	0.6	0.5	1.7	1.6
	\$3.0	\$2.1	\$8.9	\$6.2	\$1.0	\$0.9	\$3.0	\$4.3
Directly assigned defined benefit pension plans	IPL				WPL			
	Three Months		Nine Months		Three Months		Nine Months	
	2012	2011	2012	2011	2012	2011	2012	2011
Interest cost	\$1.8	\$1.9	\$5.3	\$5.6	\$1.3	\$1.4	\$3.9	\$4.1
Expected return on plan assets	(2.4)	(2.4)	(7.2)	(7.3)	(1.9)	(1.9)	(5.5)	(5.5)
Amortization of:								
Prior service credit	(0.1)	(0.1)	(0.2)	(0.2)	—	—	(0.1)	(0.1)
Actuarial loss	1.0	0.7	2.9	2.2	0.9	0.8	2.7	2.2
Additional benefit costs (a)	—	0.6	—	2.8	—	0.1	—	0.7
	\$0.3	\$0.7	\$0.8	\$3.1	\$0.3	\$0.4	\$1.0	\$1.4

Table of Contents

Alliant Energy reached an agreement with the IRS, which resulted in a favorable determination letter for the Cash Balance Plan during the first quarter of 2011. The agreement with the IRS required Alliant Energy to amend the Cash Balance Plan, which was completed in the second quarter of 2011, resulting in aggregate additional benefits of \$10.2 million paid by Alliant Energy to certain former participants in the Cash Balance Plan in the second half of 2011. Alliant Energy recognized \$1.3 million and \$10.2 million of additional benefits costs during the three and nine months ended September 30, 2011, respectively, related to these benefits. IPL recognized \$0.8 million (\$0.6 million directly assigned and \$0.2 million allocated by Corporate Services) and \$6.3 million (\$2.8 million directly assigned and \$3.5 million allocated by Corporate Services) of additional benefits costs during the three and nine months ended September 30, 2011, respectively, related to these benefits. WPL recognized \$0.4 million (\$0.1 million directly assigned and \$0.3 million allocated by Corporate Services) and \$3.4 million (\$0.7 million directly assigned and \$2.7 million allocated by Corporate Services) of additional benefits costs during the three and nine months ended September 30, 2011, respectively, related to these benefits. Refer to Note 11(c) for additional information regarding the Cash Balance Plan.

Corporate Services provides services to IPL and WPL and, as a result, IPL and WPL are allocated pension and other postretirement benefits costs (credits) associated with Corporate Services employees. The following table includes the allocated qualified and non-qualified pension and other postretirement benefits costs (credits) associated with Corporate Services employees providing services to IPL and WPL for the three and nine months ended September 30 (in millions):

	Pension Benefits Costs (a)				Other Postretirement Benefits Costs			
	Three Months		Nine Months		Three Months		Nine Months	
	2012	2011	2012	2011	2012	2011	2012	2011
IPL	\$0.4	\$1.3	\$1.4	\$5.4	\$—	\$—	\$0.1	\$0.4
WPL	0.4	0.9	1.0	3.9	0.1	(0.1)	0.1	0.2

For the three and nine months ended September 30, 2011, additional qualified pension benefits costs resulting from (a) the amendment to the Cash Balance Plan in the second quarter of 2011 allocated to IPL were \$0.2 million and \$3.5 million, and to WPL were \$0.3 million and \$2.7 million, respectively.

Estimated Future and Actual Employer Contributions - Estimated and actual funding for the qualified defined benefit pension, non-qualified defined benefit pension and other postretirement benefits plans, and the directly assigned qualified and non-qualified defined benefit pension plans amounts for 2012 are as follows (in millions):

	Estimated for Calendar Year 2012			Actual Through September 30, 2012		
	Alliant Energy	IPL	WPL	Alliant Energy	IPL	WPL
Qualified defined benefit pension plans	\$—	\$—	\$—	\$—	\$—	\$—
Non-qualified defined benefit pension plans (a)	16.3	N/A	N/A	3.1	N/A	N/A
Directly assigned defined benefit pension plans (b)	N/A	0.8	0.2	N/A	0.7	0.1
Other postretirement benefits plans	4.4	2.2	2.0	4.4	2.2	2.0

Alliant Energy sponsors several non-qualified defined benefit pension plans that cover certain current and former key employees of IPL and WPL. Alliant Energy allocates pension costs to IPL and WPL for these plans. Estimated amounts for calendar year 2012 include amounts paid to a retired executive in the fourth quarter of 2012, which are expected to result in a settlement loss of \$5 million in the fourth quarter of 2012.

(a) Amounts directly assigned to IPL and WPL for non-bargaining employees who are participants in Alliant Energy and Corporate Services sponsored qualified and non-qualified defined benefit pension plans.

Cash Balance Plan - Refer to Note 11(c) for discussion of a class-action lawsuit filed against the Cash Balance Plan in 2008, and an agreement Alliant Energy reached with the IRS, which resulted in a favorable determination letter for the Cash Balance Plan in 2011.

Table of Contents

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 September 30, costs related to the 401(k) savings plans, which are partially based on the participants' level of contribution, were as follows (in millions):

	Alliant Energy				IPL (a)				WPL (a)			
	Three Months		Nine Months		Three Months		Nine Months		Three Months		Nine Months	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
401(k) costs	\$4.4	\$4.4	\$14.1	\$14.3	\$2.4	\$2.2	\$7.4	\$7.1	\$2.0	\$2.0	\$6.2	\$6.6

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

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

	Alliant Energy				IPL				WPL			
	Three Months		Nine Months		Three Months		Nine Months		Three Months		Nine Months	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Compensation expense	\$0.1	\$0.1	\$3.8	\$4.9	\$0.1	\$0.1	\$2.0	\$2.7	\$0.1	\$0.1	\$1.7	\$2.0
Income tax benefits	—	0.1	1.5	2.0	—	0.1	0.8	1.1	0.1	—	0.7	0.8

As of September 30, 2012, total unrecognized compensation cost related to share-based compensation awards was \$9.8 million, which is expected to be recognized over a weighted average period of between one and two years. Share-based compensation expense is recognized on a straight-line basis over the requisite service periods and is primarily recorded in "Utility - Other operation and maintenance" in the Condensed Consolidated Statements of Income.

In the first quarter of 2012, Alliant Energy granted performance shares, performance units, performance-contingent restricted stock and performance contingent cash awards to certain key employees. Payouts of nonvested awards issued in 2012 are prorated at retirement, death or disability based on time worked during the first year of the performance period and achievement of the performance criteria. Upon achievement of the performance criteria, payouts of these awards to participants who terminate employment after the first year of the performance period due to retirement, death or disability are not prorated. Participants' nonvested awards issued in 2012 are forfeited if the participant voluntarily leaves Alliant Energy or is terminated for cause.

Performance Shares and Units - Alliant Energy assumes it will make future payouts of its performance shares and units in cash; therefore, performance shares and units are accounted for as liability awards.

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

	2012	2011
	Shares (a)	Shares (a)
Nonvested shares, January 1	236,979	234,518
Granted	45,612	64,217
Vested (b)	(111,980)	(57,838)
Forfeited	(25,334)	(3,918)
Nonvested shares, September 30	145,277	236,979

(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.

(b) In the first quarter of 2012, 111,980 performance shares granted in 2009 vested at 162.5% of the target, resulting in payouts valued at \$8.0 million, which consisted of a combination of cash and common stock (6,399 shares). In the first quarter of 2011, 57,838 performance shares granted in 2008 vested at 75% of the target, resulting in payouts valued at \$1.6 million, which consisted of a combination of cash and common stock (1,387 shares).

Table of Contents

Performance Units - A summary of the performance unit activity for the nine months ended September 30 was as follows:

	2012	2011
	Units (a)	Units (a)
Nonvested units, January 1	42,996	23,128
Granted	24,686	23,975
Forfeited	(878	) (4,107
Nonvested units, September 30	66,804	42,996

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 September 30, 2012 by year of grant, were as follows:

	Performance Shares			Performance Units		
	2012	2011	2010	2012	2011	2010
	Grant	Grant	Grant	Grant	Grant	Grant
Nonvested awards	45,612	45,235	54,430	24,686	21,693	20,425
Alliant Energy common stock closing price on September 30, 2012	\$43.39	\$43.39	\$43.39			
Alliant Energy common stock average price on grant date				\$43.05	\$38.75	\$32.56
Estimated payout percentage based on performance criteria	78	% 91	% 162	% 78	% 91	% 162
Fair values of each nonvested award	\$33.84	\$39.48	\$70.29	\$33.58	\$35.26	\$52.74

At September 30, 2012, fair values of nonvested performance shares and units were calculated using a Monte Carlo simulation to determine the anticipated total shareowner returns of Alliant Energy and its investor-owned utility peer groups. Expected volatility was based on historical volatilities using daily stock prices over the past three years. Expected dividend yields were calculated based on the most recent quarterly dividend rates announced prior to the measurement date and stock prices at the measurement date. The risk-free interest rate was based on the three-year U.S. Treasury rate in effect as of the measurement date.

Restricted Stock - Restricted stock 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 September 30 was as follows:

	2012		2011	
	Shares	Weighted Average Fair Value	Shares	Weighted Average Fair Value
Nonvested shares, January 1	35,800	\$30.87	70,033	\$32.27
Granted during first quarter	—	—	5,000	39.86
Vested	(32,466	) 29.95	(38,633	) 34.60
Forfeited	—	—	(600	) 29.41
Nonvested shares, September 30	3,334	39.86	35,800	30.87

Table of Contents

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

	2012		2011	
	Shares	Weighted Average Fair Value	Shares	Weighted Average Fair Value
Nonvested shares, January 1	301,738	\$32.60	296,190	\$32.32
Granted during first quarter	45,612	43.05	64,217	38.75
Vested	(65,172)	) 32.56	(53,274)	) 37.93
Forfeited	(70,527)	) 39.93	(5,395)	) 38.00
Nonvested shares, September 30	211,651	32.42	301,738	32.60

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

	2012		2011	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding, January 1	63,889	\$24.21	163,680	\$24.51
Exercised	(38,711)	) 24.41	(62,481)	) 27.10
Outstanding and exercisable, September 30	25,178	23.89	101,199	22.92

The weighted average remaining contractual term for options outstanding and exercisable at September 30, 2012 was between one and two years. The aggregate intrinsic value of options outstanding and exercisable at September 30, 2012 was \$0.5 million.

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

	Three Months		Nine Months	
	2012	2011	2012	2011
Cash received from stock options exercised	\$0.2	\$0.1	\$0.9	\$1.7
Aggregate intrinsic value of stock options exercised	0.3	—	0.8	0.8
Income tax benefit from the exercise of stock options	0.1	—	0.3	0.3

Performance Contingent Cash Awards - A summary of the performance contingent cash awards activity for the nine months ended September 30 was as follows:

	2012	2011
	Awards	Awards
Nonvested awards, January 1	46,676	23,428
Granted	36,936	23,975
Vested (a)	(21,605)) —
Forfeited	(1,533)	) (727)
Nonvested awards, September 30	60,474	46,676

(a) In the first quarter of 2012, 21,605 performance contingent cash awards granted in 2010 vested, resulting in cash payouts valued at \$0.9 million.

Table of Contents**(6) COMMON EQUITY**

Common Share Activity - A summary of Alliant Energy's common stock activity during the nine months ended September 30, 2012 was as follows:

Shares outstanding, January 1	111,018,821	
Equity incentive plans (Note 5(b))	20,195	
Other (a)	(51,616))
Shares outstanding, September 30	110,987,400	

(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 equity incentive plans.

Dividend Restrictions - As of September 30, 2012, IPL's amount of retained earnings that were free of dividend restrictions was \$375 million. As of September 30, 2012, WPL's amount of retained earnings that were free of dividend restrictions was \$209 million.

Restricted Net Assets of Subsidiaries - As of September 30, 2012, the amount of net assets of IPL and WPL that were not available to be transferred to their parent company, Alliant Energy, in the form of loans, advances or cash dividends without the consent of IPL's and WPL's regulatory authorities was \$1.1 billion and \$1.3 billion, respectively.

Capital Transactions with Subsidiaries - For the nine months ended September 30, 2012, IPL received capital contributions of \$80.0 million from its parent company. For the nine months ended September 30, 2012, IPL and WPL paid common stock dividends of \$91.6 million and \$84.1 million, respectively, to their parent company.

(7) DEBT

(a) Short-term Debt - Information regarding commercial paper issued under Alliant Energy's, IPL's and WPL's credit facilities classified as short-term debt was as follows (dollars in millions):

September 30, 2012	Alliant Energy		Parent		IPL		WPL	
Commercial paper:	(Consolidated)		Company					
Amount outstanding	\$70.4		\$70.4		\$—		\$—	
Remaining maturity	1 day		1 day		N/A		N/A	
Interest rates	0.4%		0.4%		N/A		N/A	
Available credit facility capacity (a)	\$879.6		\$229.6		\$250.0		\$400.0	
	Alliant Energy		IPL		WPL			
Three Months Ended September 30	2012	2011	2012	2011	2012	2011		
Maximum amount outstanding (based on daily outstanding balances)	\$185.3	\$22.1	\$19.5	\$18.0	\$35.6	\$—		
Average amount outstanding (based on daily outstanding balances)	\$133.0	\$2.6	\$1.3	\$1.7	\$11.9	\$—		
Weighted average interest rates	0.4	% 0.4	% 0.4	% 0.3	% 0.3	% N/A		
Nine Months Ended September 30								
Maximum amount outstanding (based on daily outstanding balances)	\$185.3	\$96.5	\$35.4	\$54.4	\$35.6	\$96.5		
Average amount outstanding (based on daily outstanding balances)	\$100.2	\$28.7	\$7.2	\$7.1	\$13.3	\$23.0		
Weighted average interest rates	0.4	% 0.3	% 0.4	% 0.3	% 0.3	% 0.3	% 0.3	%

(a)

Alliant Energy's and IPL's available credit facility capacities reflect outstanding commercial paper classified as both short- and long-term debt at September 30, 2012. Refer to Note 7(b) for further discussion of \$50 million of commercial paper outstanding at September 30, 2012 classified as long-term debt.

Table of Contents

(b) Long-term Debt - In September 2012, Corporate Services issued \$75 million of 3.45% senior notes due 2022. The proceeds from the September 2012 issuance were used by Corporate Services to repay short-term debt primarily incurred for the purchase of the corporate headquarters building and for general working capital purposes.

As of September 30, 2012, \$50 million of commercial paper was recorded in “Long-term debt, net” on Alliant Energy’s and IPL’s Condensed Consolidated Balance Sheets due to the existence of long-term credit facilities that back-stop this commercial paper balance, along with Alliant Energy’s and IPL’s intent and ability to refinance these balances on a long-term basis. As of September 30, 2012, this commercial paper balance had a weighted average remaining maturity of 2 days and a 0.4% interest rate.

(8) INVESTMENTS

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

	Alliant Energy				WPL			
	Three Months		Nine Months		Three Months		Nine Months	
	2012	2011	2012	2011	2012	2011	2012	2011
American Transmission Company LLC (ATC)	(\$10.4)	(\$9.7)	(\$30.6)	(\$28.2)	(\$10.4)	(\$9.7)	(\$30.6)	(\$28.2)
Other	—	(0.4)	0.2	(1.4)	(0.1)	(0.1)	(0.6)	(0.7)
	(\$10.4)	(\$10.1)	(\$30.4)	(\$29.6)	(\$10.5)	(\$9.8)	(\$31.2)	(\$28.9)

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

	Three Months		Nine Months	
	2012	2011	2012	2011
Operating revenues	\$150.3	\$142.8	\$450.1	\$420.6
Operating income	81.5	76.4	240.0	228.1
Net income	60.5	56.6	177.9	166.5

(9) 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 were as follows (in millions):

	Alliant Energy		IPL		WPL	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
September 30, 2012						
Assets:						
Money market fund investments	\$13.6	\$13.6	\$1.1	\$1.1	\$12.5	\$12.5
Derivative assets (<u>Note 10</u>)	46.5	46.5	28.1	28.1	18.4	18.4
Deferred proceeds (sales of receivables) (<u>Note 3</u>)	153.9	153.9	153.9	153.9	—	—
Capitalization and liabilities:						
Long-term debt (including current maturities) (<u>Note 7(b)</u>)	2,829.5	3,598.7	1,359.3	1,696.1	1,082.5	1,492.4
Cumulative preferred stock of subsidiaries	205.1	215.6	145.1	154.8	60.0	60.8
Derivative liabilities (<u>Note 10</u>)	57.3	57.3	22.8	22.8	34.5	34.5

Table of Contents

	Alliant Energy		IPL		WPL	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
December 31, 2011						
Assets:						
Derivative assets (<u>Note 10</u>)	\$15.7	\$15.7	\$10.6	\$10.6	\$5.1	\$5.1
Deferred proceeds (sales of receivables) (<u>Note 3</u>)	53.7	53.7	53.7	53.7	—	—
Capitalization and liabilities:						
Long-term debt (including current maturities) (<u>Note 7(b)</u>)	2,704.5	3,325.3	1,309.0	1,560.4	1,082.2	1,439.0
Cumulative preferred stock of subsidiaries	205.1	222.5	145.1	164.3	60.0	58.2
Derivative liabilities (<u>Note 10</u>)	78.0	78.0	33.6	33.6	44.4	44.4

Valuation Techniques -

Money market fund investments - As of September 30, 2012, money market fund investments were measured at fair value using quoted market prices.

Derivative assets and derivative liabilities - Alliant Energy, IPL and WPL periodically use derivative instruments for risk management purposes to mitigate exposures to fluctuations in certain commodity prices and transmission congestion costs. Alliant Energy, IPL and WPL maintain risk policies that govern the use of derivative instruments. Alliant Energy's, IPL's and WPL's derivative instruments as of September 30, 2012 and December 31, 2011 were not designated as hedging instruments. Alliant Energy's, IPL's and WPL's derivative instruments as of September 30, 2012 and December 31, 2011 included electric physical forward purchase contracts and forward swap contracts to mitigate pricing volatility for the electricity purchased to supply to IPL's and WPL's customers; natural gas swap contracts to mitigate pricing volatility for the fuel used to supply to the natural gas-fired electric generating facilities they operate, optimize the value of IPL's natural gas pipeline capacity and mitigate pricing volatility for natural gas supplied to IPL's retail customers; natural gas options to mitigate pricing volatility for natural gas supplied to WPL's retail customers; natural gas physical forward purchase contracts to mitigate pricing volatility for natural gas supplied to IPL's and WPL's retail customers; natural gas physical forward purchase and sale contracts to optimize the value of natural gas pipeline capacity; financial transmission rights (FTRs) acquired to manage transmission congestion costs; and a coal supply contract with volumetric optionality to assist in mitigating pricing volatility for fuel used in the coal-fired electric generating facilities they operate.

IPL's and WPL's swap, option and physical forward commodity contracts were non-exchange-based derivative instruments and were 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. Refer to Note 10 for additional details of derivative assets and derivative liabilities.

Deferred proceeds (sales of receivables) - The fair value of IPL's deferred proceeds related to its sales of receivables program was calculated each reporting date using the cost approach valuation technique. The fair value represents the

carrying amount of receivables sold less the allowance for doubtful accounts associated with the receivables sold and cash proceeds received from the receivables sold due to the short-term nature of the collection period. Deferred proceeds represent IPL's maximum exposure to loss related to the receivables sold. Refer to Note 3 for additional information regarding deferred proceeds.

Table of Contents

Long-term debt (including current maturities) - For long-term debt instruments that are actively traded, the fair value was based upon quoted market prices for similar liabilities on each reporting date. For long-term debt instruments that are not actively traded, the fair value was based on a discounted cash flow methodology and utilizes assumptions of current market pricing curves at each reporting date. Refer to Note 7(b) for additional information regarding long-term debt.

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

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. As of September 30, 2012, Level 1 items included money market fund investments, IPL's 8.375% cumulative preferred stock and WPL's 4.50% cumulative preferred stock.

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. As of September 30, 2012 and December 31, 2011, Level 2 items included certain of IPL's and WPL's non-exchange traded commodity contracts. Level 2 items as of September 30, 2012 also included the remainder of WPL's cumulative preferred stock and substantially all of the long-term debt instruments.

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. As of September 30, 2012 and December 31, 2011, Level 3 items included IPL's deferred proceeds, and IPL's and WPL's FTRs and certain non-exchange traded commodity contracts.

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. Items subject to fair value measurement disclosure requirements were as follows (Not Applicable (N/A); in millions):

Alliant Energy	September 30, 2012				December 31, 2011			
	Fair Value	Level 1	Level 2	Level 3	Fair Value	Level 1	Level 2	Level 3
Assets:								
Money market fund investments	\$13.6	\$13.6	\$—	\$—	\$—	\$—	\$—	\$—
Derivatives - commodity contracts	46.5	—	11.9	34.6	15.7	—	3.4	12.3
Deferred proceeds	153.9	—	—	153.9	53.7	—	—	53.7
Capitalization and liabilities:								
Long-term debt (including current maturities)	3,598.7	—	3,598.2	0.5	N/A	N/A	N/A	N/A

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Cumulative preferred stock of subsidiaries	215.6	165.2	50.4	—	N/A	N/A	N/A	N/A
Derivatives - commodity contracts	57.3	—	40.3	17.0	78.0	—	64.8	13.2

32

Table of Contents

IPL	September 30, 2012				December 31, 2011			
	Fair Value	Level 1	Level 2	Level 3	Fair Value	Level 1	Level 2	Level 3
Assets:								
Money market fund investments	\$1.1	\$1.1	\$—	\$—	\$—	\$—	\$—	\$—
Derivatives - commodity contracts	28.1	—	8.1	20.0	10.6	—	1.3	9.3
Deferred proceeds	153.9	—	—	153.9	53.7	—	—	53.7
Capitalization and liabilities:								
Long-term debt	1,696.1	—	1,696.1	—	N/A	N/A	N/A	N/A
Cumulative preferred stock	154.8	154.8	—	—	N/A	N/A	N/A	N/A
Derivatives - commodity contracts	22.8	—	18.3	4.5	33.6	—	28.6	5.0
WPL								
	September 30, 2012				December 31, 2011			
	Fair Value	Level 1	Level 2	Level 3	Fair Value	Level 1	Level 2	Level 3
Assets:								
Money market fund investments	\$12.5	\$12.5	\$—	\$—	\$—	\$—	\$—	\$—
Derivatives - commodity contracts	18.4	—	3.8	14.6	5.1	—	2.1	3.0
Capitalization and liabilities:								
Long-term debt	1,492.4	—	1,492.4	—	N/A	N/A	N/A	N/A
Cumulative preferred stock	60.8	10.4	50.4	—	N/A	N/A	N/A	N/A
Derivatives - commodity contracts	34.5	—	22.0	12.5	44.4	—	36.2	8.2

Alliant Energy, IPL and WPL generally record gains and losses from IPL's and WPL's derivative instruments with offsets to regulatory assets or regulatory liabilities, based on their fuel and natural gas cost recovery mechanisms, as well as other specific regulatory authorizations. Based on these recovery mechanisms, the changes in the fair value of derivative liabilities resulted in comparable changes to regulatory assets, and the changes in the fair value of derivative assets resulted in comparable changes to regulatory liabilities on the Condensed Consolidated Balance Sheets.

The significant unobservable inputs (Level 3 inputs) used in the fair value measurement of IPL's and WPL's commodity contracts are forecasted electricity, natural gas and coal prices, and the expected volatility of such prices. Significant changes in any of those inputs would result in a significantly lower or higher fair value measurement. Information for fair value measurements using significant unobservable inputs (Level 3 inputs) for the three and nine months ended September 30 was as follows (in millions):

Alliant Energy	Derivative Assets and (Liabilities), net					
	Commodity Contracts		Foreign Contracts		Deferred Proceeds	
Three Months Ended September 30	2012	2011	2012	2011	2012	2011
Beginning balance, July 1	\$18.8	\$18.1	\$—	\$2.1	\$81.7	\$66.4
Total net losses (realized/unrealized) included in changes in net assets (a)	(2.3)	(0.1)	—	—	—	—
Transfers into Level 3 (b)	(0.4)	—	—	—	—	—
Transfers out of Level 3 (c)	9.3	—	—	—	—	—
Settlements (d)	(7.8)	(6.1)	—	(1.7)	72.2	21.0

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Ending balance, September 30	\$17.6	\$11.9	\$—	\$0.4	\$153.9	\$87.4
The amount of total net losses for the period included in changes in net assets attributable to the change in unrealized losses relating to assets and liabilities held at September 30 (a)	(\$0.7)	(\$0.1)	\$—	\$—	\$—	\$—

33

Table of Contents

Alliant Energy	Derivative Assets and (Liabilities), net					
	Commodity Contracts		Foreign Contracts		Deferred Proceeds	
Nine Months Ended September 30	2012	2011	2012	2011	2012	2011
Beginning balance, January 1	(\$0.9)	\$2.8	\$—	\$4.7	\$53.7	\$152.9
Total net losses (realized/unrealized) included in changes in net assets (a)	(8.3)	—	—	—	—	—
Transfers into Level 3 (b)	(1.7)	0.2	—	—	—	—
Transfers out of Level 3 (c)	8.3	—	—	—	—	—
Purchases	35.8	21.8	—	—	—	—
Settlements (d)	(15.6)	(12.9)	—	(4.3)	100.2	(65.5)
Ending balance, September 30	\$17.6	\$11.9	\$—	\$0.4	\$153.9	\$87.4
The amount of total net losses for the period included in changes in net assets attributable to the change in unrealized losses relating to assets and liabilities held at September 30 (a)	(\$4.4)	\$—	\$—	\$—	\$—	\$—
IPL	Derivative Assets and (Liabilities), net					
	Commodity Contracts		Foreign Contracts		Deferred Proceeds	
Three Months Ended September 30	2012	2011	2012	2011	2012	2011
Beginning balance, July 1	\$14.1	\$17.5	\$—	\$—	\$81.7	\$66.4
Total net losses (realized/unrealized) included in changes in net assets (a)	(0.2)	(0.1)	—	—	—	—
Transfers out of Level 3 (c)	7.4	—	—	—	—	—
Settlements (d)	(5.8)	(5.0)	—	—	72.2	21.0
Ending balance, September 30	\$15.5	\$12.4	\$—	\$—	\$153.9	\$87.4
The amount of total net gains (losses) for the period included in changes in net assets attributable to the change in unrealized gains (losses) relating to assets and liabilities held at September 30 (a)	\$1.4	(\$0.1)	\$—	\$—	\$—	\$—
IPL	Derivative Assets and (Liabilities), net					
	Commodity Contracts		Foreign Contracts		Deferred Proceeds	
Nine Months Ended September 30	2012	2011	2012	2011	2012	2011
Beginning balance, January 1	\$4.3	\$4.3	\$—	\$4.8	\$53.7	\$152.9
Total net gains (losses) (realized/unrealized) included in changes in net assets (a)	(4.8)	0.4	—	—	—	—
Transfers into Level 3 (b)	(1.1)	—	—	—	—	—
Transfers out of Level 3 (c)	2.4	—	—	—	—	—
Purchases	26.8	18.1	—	—	—	—
Sales (e)	—	—	—	(2.1)	—	—
Settlements (d)	(12.1)	(10.4)	—	(2.7)	100.2	(65.5)
Ending balance, September 30	\$15.5	\$12.4	\$—	\$—	\$153.9	\$87.4
The amount of total net gains (losses) for the period included in changes in net assets attributable to the change in unrealized gains (losses) relating to assets and liabilities held at September 30 (a)	(\$0.7)	\$0.4	\$—	\$—	\$—	\$—

Table of Contents

WPL	Derivative Assets and (Liabilities), net			
	Commodity Contracts		Foreign Contracts	
Three Months Ended September 30	2012	2011	2012	2011
Beginning balance, July 1	\$4.7	\$0.6	\$—	\$—
Total net losses (realized/unrealized) included in changes in net assets (a)	(2.1)	—	—	—
Transfers into Level 3 (b)	(0.4)	—	—	—
Transfers out of Level 3 (c)	1.9	—	—	—
Settlements	(2.0)	(1.1)	—	—
Ending balance, September 30	\$2.1	(\$0.5)	\$—	\$—
The amount of total net losses for the period included in changes in net assets attributable to the change in unrealized losses relating to assets and liabilities held at September 30 (a)	(\$2.1)	\$—	\$—	\$—
WPL	Derivative Assets and (Liabilities), net			
	Commodity Contracts		Foreign Contracts	
Nine Months Ended September 30	2012	2011	2012	2011
Beginning balance, January 1	(\$5.2)	(\$1.5)	\$—	(\$0.1)
Total net losses (realized/unrealized) included in changes in net assets (a)	(3.5)	(0.4)	—	—
Transfers into Level 3 (b)	(0.6)	0.2	—	—
Transfers out of Level 3 (c)	5.9	—	—	—
Purchases	9.0	3.7	—	—
Settlements	(3.5)	(2.5)	—	0.1
Ending balance, September 30	\$2.1	(\$0.5)	\$—	\$—
The amount of total net losses for the period included in changes in net assets attributable to the change in unrealized losses relating to assets and liabilities held at September 30 (a)	(\$3.7)	(\$0.4)	\$—	\$—

- (a) Gains and losses related to derivative assets and derivative liabilities are recorded in “Regulatory assets” and “Regulatory liabilities” on the Condensed Consolidated Balance Sheets.
- (b) Markets for similar assets and liabilities became inactive and observable market inputs became unavailable for transfers into Level 3. The transfers were valued as of the beginning of the period.
- (c) Observable market inputs became available for certain commodity contracts previously classified as Level 3 for transfers out of Level 3. The transfers were valued as of the beginning of the period.
- Settlements related to deferred proceeds are due to the change in the carrying amount of receivables sold less the (d) allowance for doubtful accounts associated with the receivables sold and cash proceeds received from the receivables sold.
- (e) The foreign exchange contract was transferred from IPL to Resources in connection with the sale of wind project assets in the second quarter of 2011.

Electric, Natural Gas and Coal Commodity Contracts - As of September 30, 2012, the fair value of Alliant Energy’s, IPL’s and WPL’s electric, natural gas and coal commodity contracts classified as Level 3, excluding FTRs, were recognized as net derivative liabilities of \$5.6 million, \$1.2 million and \$4.4 million, respectively. These commodity contracts were valued using a market approach technique that utilizes significant observable inputs to estimate forward commodity prices. Forward electric and coal prices are estimated using market information obtained from counterparties and brokers, including bids, offers, historical transactions (including historical price differences between locations with both observable and unobservable prices) and executed trades. Forward natural gas prices are estimated using the most recent quoted observable inputs applied to future months (including historical price

differences between locations with both observable and unobservable prices). Observable inputs are obtained from third-party pricing data sources and include bids, offers, historical transactions and executed trades. Forward electric price commodity curves that extend beyond currently available observable inputs utilize market prices for the most recent period for which observable inputs are available. Observable inputs include bids, offers, historical transactions and executed trades.

Table of Contents

FTRs - As of September 30, 2012, Alliant Energy's, IPL's and WPL's FTRs classified as Level 3 were recognized as net derivative assets of \$23.2 million, \$16.7 million and \$6.5 million, respectively. These FTRs were measured at fair value using monthly or annual auction shadow prices for identical or similar instruments from relevant closed auctions.

(10) DERIVATIVE INSTRUMENTS**Commodity Derivatives -**

Purpose - Alliant Energy, IPL and WPL periodically use derivative instruments for risk management purposes to mitigate exposures to fluctuations in certain commodity prices and transmission congestion costs. Refer to Note 9 for detailed discussion of Alliant Energy's, IPL's and WPL's derivative instruments as of September 30, 2012 and December 31, 2011.

Notional Amounts - As of September 30, 2012, notional amounts by delivery year related to outstanding swap contracts, option contracts, physical forward contracts, FTRs and coal contracts that were accounted for as commodity derivative instruments were as follows (units in thousands):

	2012	2013	2014	2015	Total
Alliant Energy					
Electricity (megawatt-hours (MWhs))	1,280	3,860	2,118	876	8,134
FTRs (MWhs)	16	28	—	—	44
Natural gas (dekatherms (Dths))	26,070	44,899	6,410	—	77,379
Coal (tons)	—	956	981	561	2,498
IPL					
Electricity (MWhs)	786	1,978	366	—	3,130
FTRs (MWhs)	8	15	—	—	23
Natural gas (Dths)	19,274	32,309	3,235	—	54,818
WPL					
Electricity (MWhs)	494	1,882	1,752	876	5,004
FTRs (MWhs)	8	13	—	—	21
Natural gas (Dths)	6,796	12,590	3,175	—	22,561
Coal (tons)	—	956	981	561	2,498

The notional amounts in the above table were computed by aggregating the absolute value of purchase and sale positions within commodities for each delivery year.

Financial Statement Presentation - Alliant Energy, IPL and WPL record derivative instruments at fair value each reporting date on the balance sheet as assets or liabilities. 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	
	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011
Commodity contracts						
Current derivative assets	\$35.9	\$12.7	\$25.9	\$9.2	\$10.0	\$3.5
Non-current derivative assets	10.6	3.0	2.2	1.4	8.4	1.6
Current derivative liabilities	37.8	55.9	17.9	24.5	19.9	31.4
Non-current derivative liabilities	19.5	22.1	4.9	9.1	14.6	13.0

Alliant Energy, IPL and WPL generally record gains and losses from IPL's and WPL's derivative instruments with offsets to regulatory assets or regulatory liabilities, based on their fuel and natural gas cost recovery mechanisms, as well as other specific regulatory authorizations. Gains (losses) from commodity derivative instruments not designated as hedging instruments were recorded on the Condensed Consolidated Balance Sheets as follows (in millions):

36

Table of Contents

	Alliant Energy		IPL		WPL	
	2012	2011	2012	2011	2012	2011
Three Months Ended September 30						
Regulatory assets	(\$6.3)	(\$23.8)	(\$0.1)	(\$13.3)	(\$6.2)	(\$10.5)
Regulatory liabilities	15.8	3.7	6.9	2.2	8.9	1.5
Nine Months Ended September 30						
Regulatory assets	(38.3)	(33.1)	(17.3)	(18.7)	(21.0)	(14.4)
Regulatory liabilities	21.3	8.6	11.3	5.4	10.0	3.2

Losses from commodity contracts during the nine months ended September 30, 2012 were primarily due to impacts of decreases in electricity and natural gas prices during the first quarter of 2012.

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/or limitations on their liability positions under the various agreements based upon their credit ratings. In the event of a downgrade in their credit ratings or if their liability positions exceed certain contractual limits, Alliant Energy, IPL or WPL 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 September 30, 2012 was \$57.3 million, \$22.8 million and \$34.5 million for Alliant Energy, IPL and WPL, respectively. At September 30, 2012, Alliant Energy, IPL and WPL all had investment-grade credit ratings. However, IPL exceeded its liability position with one counterparty requiring it to post \$0.3 million of cash collateral. If the most restrictive credit risk-related contingent features for derivative agreements in a net liability position were triggered on September 30, 2012, Alliant Energy, IPL and WPL would be required to post an additional \$57.0 million, \$22.5 million and \$34.5 million, respectively, of credit support to their counterparties.

(11) COMMITMENTS AND CONTINGENCIES

(a) Capital Purchase Obligations - Alliant Energy and WPL have entered into capital purchase obligations that contain minimum future commitments related to capital expenditures for certain of their emission controls projects. At September 30, 2012, Alliant Energy's and WPL's minimum future commitments related to capital expenditures for the installation of scrubbers and baghouses at WPL's Columbia Units 1 and 2 to reduce SO₂ and mercury emissions at the generating facility were \$34 million.

(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 IPL's and WPL's utility customers. Alliant Energy, IPL and WPL also enter into other operating expense purchase obligations with various vendors for other goods and services. At September 30, 2012, minimum future commitments related to these operating expense purchase obligations were as follows (in millions):

	Alliant Energy	IPL	WPL
Purchased power (a):			
Duane Arnold Energy Center (DAEC) (IPL)	\$271	\$271	\$—
Kewaunee Nuclear Power Plant (Kewaunee) (WPL)	95	—	95
Other	63	4	59
	429	275	154
Natural gas	344	208	136

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Coal (b)	302	79	52
SO2 emission allowances	34	34	—
Other (c)	22	9	13
	\$1,131	\$605	\$355

37

Table of Contents

- (a) Includes payments required by PPAs for capacity rights and minimum quantities of MWhs required to be purchased. Excludes contracts that are considered operating leases.
- Corporate Services entered into system-wide coal contracts on behalf of IPL and WPL that include minimum
- (b) future commitments of \$171 million that have not been directly assigned to IPL and WPL since the specific needs of each utility were not yet known as of September 30, 2012.
- (c) Includes individual commitments incurred during the normal course of business that exceeded \$1 million at September 30, 2012.

(c) Legal Proceedings -

Air Permitting Violation Claims - In 2009, the EPA sent a Notice of Violation (NOV) to WPL as an owner and the operator of Edgewater Generating Station (Edgewater), Nelson Dewey Generating Station (Nelson Dewey) and Columbia Energy Center (Columbia). The NOV alleges that the owners of Edgewater, Nelson Dewey and Columbia failed to comply with appropriate pre-construction review and permitting requirements and as a result violated the Prevention of Significant Deterioration (PSD) program requirements, Title V Operating Permit requirements of the Clean Air Act (CAA) and the Wisconsin state implementation plan (SIP).

In September 2010, Sierra Club filed in the U.S. District Court for the Western District of Wisconsin a complaint against WPL, as owner and operator of Nelson Dewey and Columbia, based on allegations that modifications were made at the facilities without complying with the PSD program requirements, Title V Operating Permit requirements of the CAA and state regulatory counterparts contained within the Wisconsin 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 November 2010, WPL filed a motion to dismiss the Nelson Dewey and Columbia allegations based on lack of jurisdiction. Sierra Club has responded to the motions. In May 2012, the parties filed a Stipulation of Dismissal without Prejudice, and the court closed the case.

In September 2010, Sierra Club filed in the U.S. District Court for the Eastern District of Wisconsin a complaint against WPL, as owner and operator of Edgewater, which contained similar allegations regarding air permitting violations at Edgewater. In the Edgewater complaint, additional allegations were made regarding violations of emission limits for visible emissions. In February 2011, WPL responded to these claims related to Edgewater by filing with the U.S. District Court an answer denying the allegations and a motion to dismiss the allegations based on lack of jurisdiction.

Alliant Energy and WPL are defending against these allegations because they believe the projects at Edgewater, Nelson Dewey and Columbia were routine or not projected to increase emissions and therefore did not violate the requirements of the CAA. Simultaneously, WPL, the other owners of Edgewater and Columbia, the EPA and Sierra Club (collectively "the parties") are exploring settlement options. Alliant Energy and WPL believe that the parties have reached agreement on general terms to settle these air permitting violation claims and are currently negotiating a consent decree based upon those general terms. Those terms are subject to change during the negotiations. Based on a review of existing EPA consent decrees, Alliant Energy and WPL anticipate that the final consent decree could include the installation of emission control technology, changed operating conditions (including use of fuels other than coal and retirement of units), limitations on emissions, beneficial environmental mitigation projects, and a civil penalty.

Once the parties agree to the final terms, the Court must approve the consent decree. Alliant Energy and WPL cannot predict the outcome of these claims, but believe the outcome could be significant if the parties are unable to reach final agreement, or reach final agreement on different terms than currently anticipated, or if the Court does not approve the final consent decree.

Alliant Energy and WPL currently expect to recover any material costs that could be incurred by WPL related to the terms of the final consent decree from WPL's electric customers. Alliant Energy and WPL do not currently believe any material losses from these air permitting violation claims are both probable and reasonably estimated and therefore have not recognized any material loss contingency amounts related to these claims as of September 30, 2012.

Alliant Energy Cash Balance Pension Plan (Plan) - In February 2008, a class-action lawsuit was filed against the Plan in the U.S. District Court for the Western District of Wisconsin (Court). The complaint alleged 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 were limited to individuals who, prior to normal retirement age, received a lump-sum distribution or an annuity payment. The Court originally certified two subclasses of plaintiffs that in aggregate include all persons vested or partially vested in the Plan who received these distributions from January 1, 1998 to August 17,

Table of Contents

2006 including: (1) persons who received distributions from January 1, 1998 through February 28, 2002; and (2) persons who received distributions from March 1, 2002 to August 17, 2006.

In June 2010, the Court issued an opinion and order that granted the plaintiffs' motion for summary judgment on liability. In December 2010, the Court issued an opinion and order that decided the interest crediting rate that the Plan used to project the cash balance accounts of the plaintiffs during the class period should have been 8.2% and that a pre-retirement mortality discount would not be applied to the damages calculation. In May 2011, the Plan was amended and the Plan subsequently made approximately \$10 million in additional payments in 2011 to certain former participants in the Plan. This amendment was required based on an agreement Alliant Energy reached with the IRS, which resulted in a favorable determination letter for the Plan in 2011. In November 2011, plaintiffs filed a motion for leave to file a supplemental complaint to assert that the 2011 amendment to the Plan was itself an ERISA violation. In March 2012, the Plan and the plaintiffs each filed motions for summary judgment related to the supplemental complaint, and the plaintiffs filed a motion for class certification, seeking to amend the class definition and for appointment of class representatives and class counsel.

On July 2, 2012, the Court issued an opinion and order granting plaintiffs' motion for class certification, but only as to the interest crediting rate and the pre-retirement mortality discount claims of lump-sum recipients. As a result of the opinion and order, two new subclasses were certified in lieu of the prior subclass certification. Subclass A involves persons who received a lump-sum distribution between January 1, 1998 and August 17, 2006 and who received an interest crediting rate of less than 8.2% under the Plan as amended in May 2011. Subclass B involves persons who received a lump-sum distribution between January 1, 1998 and August 17, 2006 and who would have received a larger benefit under the Plan as amended in May 2011 if a pre-retirement mortality discount had not been applied. In the opinion and order the Court then granted plaintiffs' motion for summary judgment as to the two subclasses, and denied as moot the parties' motions for summary judgment with respect to issues beyond the two subclasses. In August 2012, as amended in September 2012, the Court entered a final judgment for the two subclasses in the total amount of approximately \$18.7 million. The judgment amount includes pre-judgment interest through July 2012 and takes into account the approximate \$10 million of additional benefits paid by the Plan following the Plan amendment in 2011. The judgment amount does not include any award for plaintiffs' attorney's fees or costs. In September 2012, the plaintiffs filed a motion for payment of plaintiffs' attorney's fees and costs in the amount of \$9.6 million, of which \$4.3 million was requested to be paid out of the common fund awarded to the two subclasses in the September 2012 judgment. The Plan expects to contest the request for plaintiffs' attorney's fees and costs to be paid by the Plan. In September 2012, the Plan appealed the judgment, and the interlocutory orders that led to the judgment, to the Seventh Circuit Court of Appeals, and the plaintiffs filed a cross appeal in October 2012. Alliant Energy, IPL and WPL have not recognized any material loss contingency amounts for the final judgment of damages as of September 30, 2012, and do not believe the final outcome of the plaintiffs' motion for attorney's fees and costs will have a material impact on their financial condition or results of operations. A material loss contingency for the judgment will not be recognized unless a final unappealable ruling is received, or a settlement is reached, which results in an amendment to the Plan and payment of additional benefits to Plan participants. Alliant Energy, IPL and WPL are currently unable to predict the final outcome of the class-action lawsuit or the ultimate impact on their financial condition or results of operations but believe an adverse outcome could have a material effect on their retirement plan funding and expense.

RMT Contract Disputes - In September 2011, RMT filed a lawsuit in the U.S. District Court for the Western District of Wisconsin alleging, among other things, breach of contract against Cable System Installation (CSI), a subcontractor to RMT on several solar projects in New Jersey. The complaint alleges that CSI breached its contract with RMT by failing to complete the work, by failing to complete the work in a timely manner, by failing to perform work according to the contract, for abandonment of work, and for other related claims. RMT incurred additional costs to replace CSI and to complete CSI's work with alternative subcontractors, incurred liquidated damages assessed by the project owners due to project delays, and had liens filed by CSI's vendors that CSI has not paid. The lawsuit seeks to

recover all costs incurred by RMT as a result of the breaches of contract by CSI. CSI filed an answer and counterclaims against RMT asserting that RMT owes CSI additional amounts for work performed under the contract that have not been paid to date. CSI also filed a motion requesting the case be transferred to New Jersey that has subsequently been denied by the court. CSI has filed liens against the projects based on claims that they have not been paid for work performed under the contract with RMT and has filed lawsuits in New Jersey to foreclose upon the liens that it has filed in that jurisdiction. Vendors of CSI have also filed liens against the projects based on claims that they have not been paid as required under their agreements with CSI. Three vendors of CSI have filed lawsuits in New Jersey including claims against both CSI and RMT resulting from work allegedly performed by the three vendors but not paid by CSI or RMT. As of September 30, 2012, RMT posted bonds to discharge liens of \$16 million filed against the New Jersey project sites by CSI and CSI's vendors. Alliant Energy does not currently believe any material losses from these claims are both probable and reasonably estimated and therefore has not recognized any material loss contingency amounts related to these claims as of September 30, 2012. Alliant Energy is currently not able to estimate the possible loss or range of

Table of Contents

possible loss related to these claims given the state of the lawsuits. Alliant Energy also has not recognized any material benefits from the lawsuit filed by RMT against CSI as of September 30, 2012.

(d) Guarantees - RMT provides renewable energy services to clients throughout the U.S., including facility siting, permitting, design, procurement, construction and high voltage connection services for wind and solar projects. Alliant Energy has guaranteed RMT's performance obligations related to certain of these projects. As of September 30, 2012, Alliant Energy had \$598 million of performance guarantees outstanding, with \$262 million, \$289 million and \$47 million expiring in 2013, 2014 and 2015, respectively. RMT has also provided surety bonds in support of the payment and performance obligations of certain of these projects and Alliant Energy has guaranteed RMT's indemnity obligations to the surety company. As of September 30, 2012, Alliant Energy had \$79 million in surety bonds and related Alliant Energy performance guarantees outstanding, with \$70 million expiring in 2012 and \$9 million expiring in 2013. Alliant Energy currently believes that no material cash payments will be made under any of these obligations. Alliant Energy has not recognized any material liabilities related to these obligations as of September 30, 2012.

Alliant Energy continues to guarantee the abandonment obligations of Whiting Petroleum Corporation (Whiting) under the Point Arguello partnership agreements following the sale of Alliant Energy's remaining interest in Whiting in 2004. The guarantee does not include a maximum limit. As of September 30, 2012, the present value of the abandonment obligations is estimated at \$29 million. Alliant Energy believes that no payments will be made under this guarantee. Alliant Energy has not recognized any material liabilities related to this guarantee as of September 30, 2012.

(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. IPL and WPL have received letters from state environmental agencies requiring no further action at 13 and 9 of these sites, respectively. Additionally, IPL has met state environmental agency expectations at 3 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.

Alliant Energy, 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. Management currently estimates the range of remaining costs to be incurred for the investigation, remediation and monitoring of these sites to be \$19 million (\$17 million for IPL and \$2 million for WPL) to \$44 million (\$40 million for IPL and \$4 million for WPL). At September 30, 2012, Alliant Energy, IPL and WPL recorded \$30 million, \$27 million and \$3 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 matters, 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 matters that may require significant future expenditures by Alliant Energy, IPL and WPL include, among others: CAIR, CSAPR, Clean Air Visibility Rule (CAVR), Utility MACT Rule, Wisconsin State Mercury Rule, Wisconsin RACT Rule, Ozone National Ambient Air Quality Standards (NAAQS) Rule, Fine Particle NAAQS Rule, Nitrogen Dioxide NAAQS Rule, SO₂ NAAQS Rule, Industrial Boiler and Process Heater MACT Rule, Federal Clean Water Act including Section 316(b), Wisconsin and Iowa State Thermal Rules, Hydroelectric Fish Passage Device, Coal Combustion Residuals, Polychlorinated Biphenyls, and various legislation and EPA regulations to monitor and regulate the emission of greenhouse gases (GHG), including the EPA New Source Performance Standard (NSPS) for GHG Emissions from Electric Utilities and the EPA GHG Tailoring Rule. Some recent developments concerning these environmental matters are included below:

Table of Contents

Air Quality -

CSAPR - In August 2012, the D.C. Circuit Court issued its opinion vacating and remanding CSAPR for further revision to the EPA. The D.C. Circuit Court order also requires the EPA to continue administering CAIR pending the promulgation of a valid replacement for CSAPR. The requirements of CSAPR remain subject to further review by the D.C. Circuit Court and the EPA.