INTERSTATE POWER & LIGHT CO

Form 10-Q August 03, 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 June 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 Name of Registrant, State of Incorporation,

IRS Employer

File Number Address of Principal Executive Offices and Telephone Number

Identification Number

1-9894 ALLIANT ENERGY CORPORATION

39-1380265

(a Wisconsin corporation) 4902 N. Biltmore Lane Madison, Wisconsin 53718 Telephone (608) 458-3311

0-4117-1 INTERSTATE POWER AND LIGHT COMPANY

42-0331370

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

0-337 WISCONSIN POWER AND LIGHT COMPANY

39-0714890

(a Wisconsin corporation) 4902 N. Biltmore Lane Madison, Wisconsin 53718 Telephone (608) 458-3311

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

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

Indicate by check mark whether the registrants have submitted electronically and posted on their corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrants were required to submit and post such files). Yes x 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		X			
Interstate Power and Light Compan	ıy			X	
Wisconsin Power and Light Compa	ıny			X	
Indicate by check mark whether the Act). Yes "No x Number of shares outstanding of ea		•		le 12b-2 of the Exch	ange
Alliant Energy Corporation	Common stock, \$	0.01 par value,	110,976,142 sh	ares outstanding	
Interstate Power and Light Company	Common stock, \$ owned beneficial	•		res outstanding (all rgy Corporation)	of which are
Wisconsin Power and Light Company	Common stock, \$ owned beneficiall	•		outstanding (all of vrgy Corporation)	which are

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FORWARD-LOOKING STATEMENTS

Statements contained in this report that are not of historical fact are forward-looking statements intended to qualify for the safe harbors from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified as such because the statements include words such as "expect," "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 rate freeze in Wisconsin through 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 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;

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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 Alliant Energy's 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;

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 and appeals with no material impact on earnings and cash flows; the direct or indirect effects resulting from terrorist incidents, including cyber terrorism, or responses to such incidents; and

factors listed in Management's Discussion and Analysis of Financial Condition and Results of Operations and in Item 1A Risk Factors 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.

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

· ·	For the Th Ended Jun		For the Six Ended June	
	2012	2011	2012	2011
			cept per shar	
Operating revenues:	(, -		,
Utility:				
Electric	\$612.6	\$620.5	\$1,185.0	\$1,240.8
Gas	50.0	67.1	217.1	296.1
Other	13.8	13.3	27.5	30.0
Non-regulated	13.9	11.6	26.4	22.8
Total operating revenues	690.3	712.5	1,456.0	1,589.7
Operating expenses:				
Utility:				
Electric production fuel and energy purchases	168.9	180.7	328.8	374.7
Purchased electric capacity	70.7	67.2	132.2	125.0
Electric transmission service	79.4	80.1	160.8	153.7
Cost of gas sold	18.6	34.8	123.4	191.2
Other operation and maintenance	137.9	168.9	287.9	329.5
Non-regulated operation and maintenance	0.7	4.0	4.9	8.6
Depreciation and amortization	80.8	81.5	163.8	159.3
Taxes other than income taxes	24.5	24.7	49.8	49.8
Total operating expenses	581.5	641.9	1,251.6	1,391.8
Operating income	108.8	70.6	204.4	197.9
Interest expense and other:				
Interest expense	38.6	40.4	77.5	80.9
Equity income from unconsolidated investments, net	(10.6)	(9.6)	(20.0)	(19.5)
Allowance for funds used during construction			(8.6)	(5.8)
Interest income and other				(1.6)
Total interest expense and other	22.6	27.3	47.2	54.0
Income from continuing operations before income taxes	86.2	43.3	157.2	143.9
Income tax expense (benefit)	16.8		44.5	11.2
Income from continuing operations, net of tax	69.4	54.5	112.7	132.7
Income (loss) from discontinued operations, net of tax	0.4	0.8	. ,	2.3
Net income	69.8	55.3	108.7	135.0
Preferred dividend requirements of subsidiaries	3.9	4.2	7.9	10.4
Net income attributable to Alliant Energy common shareowners	\$65.9	\$51.1	\$100.8	\$124.6
Weighted average number of common shares outstanding (basic) (000s)	110,756	110,624	110,736	110,596
Weighted average number of common shares outstanding (diluted) (000s)	110,769	110,677	110,755	110,654
Earnings per weighted average common share attributable to Alliant				
Energy common shareowners (basic and diluted):				
Income from continuing operations, net of tax	\$0.60	\$0.45	\$0.95	\$1.11
Income (loss) from discontinued operations, net of tax		0.01	(0.04)	0.02

Net income	\$0.60	\$0.46	\$0.91	\$1.13
Amounts attributable to Alliant Energy common shareowners:				
Income from continuing operations, net of tax	\$65.5	\$50.3	\$104.8	\$122.3
Income (loss) from discontinued operations, net of tax	0.4	0.8	(4.0) 2.3
Net income attributable to Alliant Energy common shareowners	\$65.9	\$51.1	\$100.8	\$124.6
Dividends declared per common share	\$0.45	\$0.425	\$0.90	\$0.85

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

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ALLIANT ENERGY CORPORATION CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

CONDENSED CONSOLIDATED BALANCE SHEETS (CNAUDITED)		
	June 30, 2012	December 31, 2011
ASSETS	(in millions)	
Property, plant and equipment:		
Utility:		
Electric plant in service	\$8,278.1	\$8,165.4
Gas plant in service	860.1	\$6,105.4 852.9
Other plant in service	514.2	510.1
Accumulated depreciation		
Net plant	6,353.5	(3,206.0) 6,322.4
Construction work in progress:	0,333.3	0,322.4
Edgewater Generating Station Unit 5 emission controls (Wisconsin Power and Light		
	104.0	77.7
Company) Columbia Energy Center Units 1 and 2 emission controls (Wisconsin Power and Ligh	+	
Company)	54.4	9.0
Other	219.9	170.5
Other, less accumulated depreciation	21.5	34.9
Total utility	6,753.3	6,614.5
Non-regulated and other:	0,733.3	0,014.3
Non-regulated Generation, less accumulated depreciation	302.4	270.6
Alliant Energy Corporate Services, Inc. and other, less accumulated depreciation	192.3	148.2
Total non-regulated and other	494.7	418.8
Total property, plant and equipment	7,248.0	7,033.3
Current assets:	7,240.0	7,033.3
Cash and cash equivalents	30.8	11.4
Accounts receivable:	30.0	11.4
Customer, less allowance for doubtful accounts	81.7	88.1
Unbilled utility revenues	76.8	75.1
Other, less allowance for doubtful accounts	147.3	114.9
Income tax refunds receivable	29.7	39.1
Production fuel, at weighted average cost	116.7	101.9
Materials and supplies, at weighted average cost	61.1	58.5
Gas stored underground, at weighted average cost	28.0	57.7
Regulatory assets	98.9	103.6
Derivative assets	40.7	12.7
Prepaid gross receipts tax	37.3	40.2
Deferred income tax assets	82.9	22.8
Assets held for sale	53.6	119.6
Prepayments and other	34.9	25.0
Total current assets	920.4	870.6
Investments:	>20. T	370.0
Investments: Investment in American Transmission Company LLC	247.0	238.8
Other	61.4	61.9
Total investments	308.4	300.7
Other assets:	500.4	500.7
One about.		

Regulatory assets	1,380.6	1,391.4
Deferred charges and other	76.8	91.9
Total other assets	1,457.4	1,483.3
Total assets	\$9,934.2	\$9,687.9

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

ALLIANT ENERGY CORPORATION CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED) (Continued)

(Contract of the contract of t	June 30,	December 31,	
	2012	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; 110,976,142 and	0.1 .1	0.1 .1	
111,018,821 shares outstanding	\$1.1	\$1.1	
Additional paid-in capital	1,511.1	1,510.8	
Retained earnings	1,511.3	1,510.2	
Accumulated other comprehensive loss	(0.8) (0.8	
Shares in deferred compensation trust - 255,319 and 262,735 shares at a weighted	(0.2	, (0.2	
average cost of \$32.37 and \$31.68 per share	(8.3)) (8.3	
Total Alliant Energy Corporation common equity	3,014.4	3,013.0	
Cumulative preferred stock of Interstate Power and Light Company	145.1	145.1	
Noncontrolling interest	1.8	1.8	
Total equity	3,161.3	3,159.9	
Cumulative preferred stock of Wisconsin Power and Light Company	60.0	60.0	
Long-term debt, net (excluding current portion)	2,752.8	2,703.1	
Total capitalization	5,974.1	5,923.0	
Current liabilities:			
Current maturities of long-term debt	1.4	1.4	
Commercial paper	162.8	102.8	
Accounts payable	337.6	267.8	
Regulatory liabilities	149.9	164.7	
Accrued taxes	46.3	46.9	
Accrued interest	46.6	46.6	
Derivative liabilities	48.4	55.9	
Liabilities held for sale	70.9	62.1	
Other	93.4	107.0	
Total current liabilities	957.3	855.2	
Other long-term liabilities and deferred credits:			
Deferred income tax liabilities	1,736.1	1,592.2	
Regulatory liabilities	711.7	745.4	
Pension and other benefit obligations	309.9	312.7	
Other	245.1	259.4	
Total long-term liabilities and deferred credits	3,002.8	2,909.7	
Total capitalization and liabilities	\$9,934.2	\$9,687.9	
-			

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

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)				
	For the S	ix l	Months	
	Ended June 30,			
	2012		2011	
	(in millio	ns)		
Cash flows from operating activities:	`			
Net income	\$108.7		\$135.0	
Adjustments to reconcile net income to net cash flows from operating activities:				
Depreciation and amortization	164.3		161.0	
Other amortizations	27.6		28.3	
Deferred tax expense (benefit) and investment tax credits	56.3		(25.5)
Equity income from unconsolidated investments, net	(20.0)	(19.5)
Distributions from equity method investments	16.8		15.9	
Other	(7.6)	16.7	
Other changes in assets and liabilities:	`			
Accounts receivable	54.0		27.8	
Sales of accounts receivable	(27.0)	55.0	
Regulatory assets	(19.6		(110.3)
Deferred income tax assets	(60.1	-	(1.1)
Regulatory liabilities	(43.5	-	165.9	,
Deferred income tax liabilities	86.8	,	70.8	
Pension and other benefit obligations	(2.8)	(62.0)
Other	5.3	,	8.8	,
Net cash flows from operating activities	339.2		466.8	
Cash flows used for investing activities:	007.2			
Construction and acquisition expenditures:				
Utility business	(247.3)	(338.1)
Alliant Energy Corporate Services, Inc. and non-regulated businesses	(75.1	-	(20.6)
Other	0.6	,	17.6	,
Net cash flows used for investing activities	(321.8)	(341.1)
Cash flows from (used for) financing activities:	(521.6	,	(5 11.1	,
Common stock dividends	(99.7)	(94.2)
Preferred dividends paid by subsidiaries	(7.9		(8.9)
Payments to redeem cumulative preferred stock of IPL	_	,	(40.0)
Net change in commercial paper	110.0		(47.4)
Other	(0.4		(17.4)
Net cash flows from (used for) financing activities	2.0	,	(207.9)
Net increase (decrease) in cash and cash equivalents	19.4		(82.2)
Cash and cash equivalents at beginning of period	11.4		159.3	,
Cash and cash equivalents at end of period	\$30.8		\$77.1	
Supplemental cash flows information:	Ψ50.0		Ψ//.1	
Cash paid (refunded) during the period for:				
Interest, net of capitalized interest	\$77.4		\$80.2	
Income taxes, net of refunds	(\$0.9)	(\$3.0	`
Significant noncash investing and financing activities:	(ψυ.)	,	(ψυ.υ	,
Accrued capital expenditures	\$100.3		\$43.3	
Accided capital experiences	φ100.3		Φ+3.3	

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

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

		hree Months	For the Si	
	Ended Jur	ne 30,	Ended Jun	e 30,
	2012	2011	2012	2011
	(in million	ns)		
Operating revenues:				
Electric utility	\$321.0	\$323.9	\$614.1	\$654.1
Gas utility	26.8	38.7	119.6	170.6
Steam and other	12.9	11.5	25.7	26.9
Total operating revenues	360.7	374.1	759.4	851.6
Operating expenses:				
Electric production fuel and energy purchases	82.0	87.4	156.1	184.2
Purchased electric capacity	36.0	34.6	77.0	73.9
Electric transmission service	52.9	54.0	108.4	101.9
Cost of gas sold	10.3	20.9	67.6	113.5
Other operation and maintenance	83.8	100.5	170.7	197.2
Depreciation and amortization	47.1	45.0	93.8	88.9
Taxes other than income taxes	13.2	13.2	26.5	26.4
Total operating expenses	325.3	355.6	700.1	786.0
Operating income	35.4	18.5	59.3	65.6
Interest expense and other:				
Interest expense	19.6	19.8	39.3	39.7
Allowance for funds used during construction	(1.7) (1.6) (3.2) (3.0
Interest income and other	_	_	(0.2) (0.2
Total interest expense and other	17.9	18.2	35.9	36.5
Income before income taxes	17.5	0.3	23.4	29.1
Income tax expense (benefit)	(2.1) (0.7) 5.3	1.0
Net income	19.6	1.0	18.1	28.1
Preferred dividend requirements	3.0	3.3	6.2	8.7
Earnings available (loss) for common stock	\$16.6	(\$2.3) \$11.9	\$19.4
	<i>a</i> .:		C 1	1 1 CIDI 1

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

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

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

	June 30, 2012 (in millions)	December 31, 2011
ASSETS		
Property, plant and equipment:		
Electric plant in service	\$4,736.5	\$4,684.0
Gas plant in service	431.1	428.2
Steam plant in service	34.9	34.9
Other plant in service	251.8	246.4
Accumulated depreciation	(1,876.2)	(1,833.8)
Net plant	3,578.1	3,559.7
Construction work in progress	144.5	96.6
Other, less accumulated depreciation	19.7	19.8
Total property, plant and equipment	3,742.3	3,676.1
Current assets:		
Cash and cash equivalents	2.8	2.1
Accounts receivable, less allowance for doubtful accounts	102.4	75.2
Income tax refunds receivable	16.3	28.4
Production fuel, at weighted average cost	75.9	67.7
Materials and supplies, at weighted average cost	32.8	31.5
Gas stored underground, at weighted average cost	7.9	25.5
Regulatory assets	60.1	59.0
Derivative assets	29.8	9.2
Deferred income tax assets	34.9	13.5
Prepayments and other	11.3	11.0
Total current assets	374.2	323.1
Investments	17.0	16.8
Other assets:		
Regulatory assets	1,050.3	1,058.3
Deferred charges and other	17.7	19.2
Total other assets	1,068.0	1,077.5
Total assets	\$5,201.5	\$5,093.5

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

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

	June 30, 2012	December 31, 2011
	(in millions, e	-
	share and sha	
CAPITALIZATION AND LIABILITIES	siture una situ	e umounts)
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	977.8	927.7
Retained earnings	384.4	433.3
Total Interstate Power and Light Company common equity	1,395.6	1,394.4
Cumulative preferred stock	145.1	145.1
Total equity	1,540.7	1,539.5
Long-term debt, net	1,359.3	1,309.0
Total capitalization	2,900.0	2,848.5
Current liabilities:		
Commercial paper	15.4	7.1
Accounts payable	171.8	118.2
Accounts payable to associated companies	33.7	36.7
Regulatory liabilities	100.9	137.1
Accrued taxes	67.2	43.8
Accrued interest	22.8	22.8
Derivative liabilities	23.2	24.5
Other	31.8	32.3
Total current liabilities	466.8	422.5
Other long-term liabilities and deferred credits:		
Deferred income tax liabilities	992.6	936.9
Regulatory liabilities	555.0	584.2
Pension and other benefit obligations	100.4	101.9
Other	186.7	199.5
Total other long-term liabilities and deferred credits	1,834.7	1,822.5
Total capitalization and liabilities	\$5,201.5	\$5,093.5

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

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

		For the Six Months Ended June 30,	
	Ended Ju		
	2012	2011	
	(in millions)		
Cash flows from operating activities:			
Net income	\$18.1	\$28.1	
Adjustments to reconcile net income to net cash flows from operating activities:			
Depreciation and amortization	93.8	88.9	
Deferred tax expense (benefit) and investment tax credits	8.2	(41.4)
Other	1.8	15.4	
Other changes in assets and liabilities:			
Accounts receivable	(0.5) 35.1	
Sales of accounts receivable	(27.0) 55.0	
Regulatory assets	(12.1) (133.3)
Deferred income tax assets	(21.4) 1.1	
Derivative assets	(20.9) (8.3)
Regulatory liabilities	(61.5) 158.0	
Accrued taxes	23.4	(5.0)
Deferred income tax liabilities	47.1	65.8	
Pension and other benefit obligations	(1.5) (35.3)
Other	28.9	20.8	
Net cash flows from operating activities	76.4	244.9	
Cash flows used for investing activities:			
Utility construction and acquisition expenditures	(109.9) (163.5)
Proceeds from sale of wind project assets to affiliate		115.3	
Other	(10.4) (11.7)
Net cash flows used for investing activities	(120.3) (59.9)
Cash flows from (used for) financing activities:			
Common stock dividends	(60.8) (43.7)
Preferred stock dividends	(6.2) (7.2)
Capital contributions from parent	50.0		
Repayment of capital to parent	_	(71.0)
Payments to redeem cumulative preferred stock		(40.0)
Net change in commercial paper	58.3		
Other	3.3	(7.8)
Net cash flows from (used for) financing activities	44.6	(169.7)
Net increase in cash and cash equivalents	0.7	15.3	
Cash and cash equivalents at beginning of period	2.1	5.7	
Cash and cash equivalents at end of period	\$2.8	\$21.0	
Supplemental cash flows information:			
Cash paid (refunded) during the period for:			
Interest	\$39.2	\$39.0	
Income taxes, net of refunds	(\$15.4) \$15.5	
Significant noncash investing and financing activities:	<u> </u>	,	
Accrued capital expenditures	\$61.1	\$19.1	
* *	*		

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

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

CONDENSED CONSOCIONIED STATEMENTS OF INCO	MIL (CIVICI	millo)		
	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2012	2011	2012	2011
	(in millions)			
Operating revenues:				
Electric utility	\$291.6	\$296.6	\$570.9	\$586.7
Gas utility	23.2	28.4	97.5	125.5
Other	0.9	1.8	1.8	3.1
Total operating revenues	315.7	326.8	670.2	715.3
Operating expenses:				
Electric production fuel and energy purchases	86.9	93.3	172.7	190.5
Purchased electric capacity	34.7	32.6	55.2	51.1
Electric transmission service	26.5	26.1		