

ALLIANT ENERGY CORP  
Form 10-Q  
August 07, 2014  
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, 2014

or

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

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

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

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

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

Edgar Filing: ALLIANT ENERGY CORP - Form 10-Q

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	x			
Interstate Power and Light Company			x	
Wisconsin Power and Light Company			x	

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

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

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

Table of Contents

## TABLE OF CONTENTS

	Page
<u>Definitions</u>	<u>1</u>
<u>Forward-looking Statements</u>	<u>3</u>
<u>Part I. Financial Information</u>	<u>5</u>
<u>Item 1. Condensed Consolidated Financial Statements (Unaudited)</u>	<u>5</u>
Alliant Energy Corporation:	
<u>Condensed Consolidated Statements of Income for the Three and Six Months Ended June 30, 2014 and 2013</u>	<u>5</u>
<u>Condensed Consolidated Balance Sheets as of June 30, 2014 and December 31, 2013</u>	<u>6</u>
<u>Condensed Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2014 and 2013</u>	<u>8</u>
Interstate Power and Light Company:	
<u>Condensed Consolidated Statements of Income for the Three and Six Months Ended June 30, 2014 and 2013</u>	<u>9</u>
<u>Condensed Consolidated Balance Sheets as of June 30, 2014 and December 31, 2013</u>	<u>10</u>
<u>Condensed Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2014 and 2013</u>	<u>12</u>
Wisconsin Power and Light Company:	
<u>Condensed Consolidated Statements of Income for the Three and Six Months Ended June 30, 2014 and 2013</u>	<u>13</u>
<u>Condensed Consolidated Balance Sheets as of June 30, 2014 and December 31, 2013</u>	<u>14</u>
<u>Condensed Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2014 and 2013</u>	<u>16</u>
<u>Combined Notes to Condensed Consolidated Financial Statements</u>	<u>17</u>
<u>1. Summary of Significant Accounting Policies</u>	<u>17</u>
<u>2. Regulatory Matters</u>	<u>17</u>
<u>3. Property, Plant and Equipment</u>	<u>19</u>
<u>4. Receivables</u>	<u>19</u>
<u>5. Investments</u>	<u>21</u>
<u>6. Common Equity</u>	<u>21</u>
<u>7. Redeemable Preferred Stock</u>	<u>21</u>
<u>8. Debt</u>	<u>22</u>
<u>9. Income Taxes</u>	<u>22</u>
<u>10. Benefit Plans</u>	<u>24</u>
<u>11. Asset Retirement Obligations</u>	<u>27</u>
<u>12. Fair Value Measurements</u>	<u>28</u>
<u>13. Derivative Instruments</u>	<u>32</u>
<u>14. Commitments and Contingencies</u>	<u>34</u>
<u>15. Segments of Business</u>	<u>37</u>
<u>16. Related Parties</u>	<u>39</u>
<u>17. Discontinued Operations</u>	<u>40</u>

---

Table of Contents

	Page
<u>Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>40</u>
<u>Executive Summary</u>	<u>41</u>
<u>Strategic Overview</u>	<u>44</u>
<u>Rate Matters</u>	<u>45</u>
<u>Environmental Matters</u>	<u>46</u>
<u>Legislative Matters</u>	<u>47</u>
<u>Alliant Energy’s Results of Operations</u>	<u>47</u>
<u>IPL’s Results of Operations</u>	<u>53</u>
<u>WPL’s Results of Operations</u>	<u>56</u>
<u>Liquidity and Capital Resources</u>	<u>58</u>
<u>Other Matters</u>	<u>61</u>
<u>Market Risk Sensitive Instruments and Positions</u>	<u>61</u>
<u>New Accounting Pronouncements</u>	<u>61</u>
<u>Critical Accounting Policies and Estimates</u>	<u>61</u>
<u>Other Future Considerations</u>	<u>62</u>
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>63</u>
<u>Item 4. Controls and Procedures</u>	<u>64</u>
<u>Part II. Other Information</u>	<u>64</u>
<u>Item 1A. Risk Factors</u>	<u>64</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>64</u>
<u>Item 6. Exhibits</u>	<u>64</u>
<u>Signatures</u>	<u>65</u>

---

Table of Contents

## DEFINITIONS

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

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

MDA

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

MGP

Manufactured gas plant

MidAmerican

MidAmerican Energy Company

1

---

Table of Contents

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

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 “may,” “believe,” “expect,” “anticipate,” “plan,” “project,” “will,” “projections,” “estimate,” or other words of similar import. Similarly, statements that describe future financial performance or plans or strategies are forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those expressed in, or implied by, such statements. Some, but not all, of the risks and uncertainties of Alliant Energy, IPL and WPL that could materially affect actual results include:

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





Table of Contents

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

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

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

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

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

- inflation and interest rates;

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

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

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

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

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

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

access to technological developments;

material changes in retirement and benefit plan costs;

the impact of performance-based compensation plans accruals;

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

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

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

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

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

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

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

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

Edgar Filing: ALLIANT ENERGY CORP - Form 10-Q

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

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

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

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

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



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

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

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

Table of Contents

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

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



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

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

8

---

Table of Contents

## INTERSTATE POWER AND LIGHT COMPANY

## CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

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

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

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

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

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

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

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

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

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

Table of Contents

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

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