INTERSTATE POWER & LIGHT CO
Form 10-K
February 26, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 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-K is separately filed by Alliant Energy Corporation, Interstate Power and Light Company and Wisconsin Power and Light Company. Information contained in the Form 10-K 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.

Securities registered pursuant to Section 12 (b) of the Act:

	Title of Class	Name of Each Exchange on Which Registered
Alliant Energy Corporation	Common Stock, $0.01 Par Value	New York Stock Exchange

Alliant Energy Corporation	Common Share Purchase Rights	New York Stock Exchange
Interstate Power and Light Company	8.375% Series B Cumulative Preferred Stock, $0.01 Par Value	New York Stock Exchange
Wisconsin Power and Light Company	4.50% Preferred Stock, No Par Value	NYSE Amex LLC

Securities registered pursuant to Section 12 (g) of the Act: Wisconsin Power and Light Company Preferred Stock (Accumulation without Par Value)

Indicate by check mark if the registrants are well-known seasoned issuers, as defined in Rule 405 of the Securities Act.
Yes x No ¨

Indicate by check mark if the registrants are not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes ¨ No x
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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrants' knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x
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 x

The aggregate market value of the voting and non-voting common equity held by nonaffiliates as of June 30, 2012:

Alliant Energy Corporation	$5.0 billion
Interstate Power and Light Company	$—
Wisconsin Power and Light Company	$—

Number of shares outstanding of each class of common stock as of January 31, 2013:

Alliant Energy Corporation	Common stock, $0.01 par value, 110,990,924 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)

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement relating to Alliant Energy Corporation’s 2013 Annual Meeting of Shareowners are, or will be upon filing with the Securities and Exchange Commission, incorporated by reference into Part III hereof.

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FORWARD-LOOKING STATEMENTS

Statements contained in this Annual Report on Form 10-K 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;
- 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 through 2014;
- weather effects on results of utility operations, including the impacts of temperature changes and drought conditions in IPL’s and WPL’s service territories on customers’ demand for electricity and gas;
- 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 plan, including unanticipated issues with new emission controls equipment for various coal-fired electric generating facilities of IPL and WPL, IPL’s construction of its proposed natural gas-fired electric generating facility in Iowa, IPL’s recently approved purchased power agreement (PPA) with NextEra Energy Resources, LLC (NER), Alliant Energy Resources, LLC’s (Resources’) 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 litigation 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;
- the direct or indirect effects resulting from terrorist incidents, including cyber terrorism, or responses to such incidents;
- 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 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, Inc. (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;

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- 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, including forest or prairie fires, 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;
- 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;
- the impact of changes to government incentives 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 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 (MDA) and in Item 1A Risk Factors.

Alliant Energy, IPL and WPL each assume no obligation, and disclaim any duty, to update the forward-looking statements in this Annual Report on Form 10-K.

WEBSITE ACCESS TO REPORTS

Alliant Energy makes its periodic and current reports, and amendments to those reports, available, free of charge, on its website at www.alliantenergy.com/investors on the same day as such material is electronically filed with, or furnished to, the Securities and Exchange Commission (SEC). Alliant Energy is not including the information contained on its website as a part of, or incorporating it by reference into, this Annual Report on Form 10-K.

PART I

This Annual Report on Form 10-K includes information relating to Alliant Energy, IPL and WPL (as well as Resources and Alliant Energy Corporate Services, Inc. (Corporate Services)). Where appropriate, information relating to a specific entity has been segregated and labeled as such. Unless otherwise noted, the information herein has been revised to exclude discontinued operations for all periods presented.

ITEM 1. BUSINESS

A. GENERAL

Alliant Energy was incorporated in Wisconsin in 1981 and maintains its principal executive offices in Madison, Wisconsin. Alliant Energy operates as a regulated investor-owned public utility holding company. Alliant Energy's primary focus is to provide regulated electricity and natural gas service to approximately 1 million electric and approximately 415,000 natural gas customers in the Midwest through its two public utility subsidiaries. The primary first tier subsidiaries of Alliant Energy are: IPL, WPL, Resources and Corporate Services. An illustration of Alliant Energy's first tier subsidiaries is shown below.

Alliant Energy

IPL WPL Resources Corporate Services

A brief description of the primary first tier subsidiaries of Alliant Energy is as follows:

1) IPL - was incorporated in 1925 in Iowa as Iowa Railway and Light Corporation. IPL is a public utility engaged principally in the generation and distribution of electricity and the distribution and transportation of natural gas in selective markets in Iowa and southern Minnesota. In Iowa, IPL provides utility services to incorporated communities as directed by the Iowa Utilities Board (IUB) and utilizes non-exclusive franchises, which cover the use of public right-of-ways for utility facilities in incorporated communities for a maximum term of 25 years. At December 31, 2012, IPL supplied electric and gas service to 526,841 and 233,820 retail customers, respectively. IPL is also engaged in the generation and distribution of steam for two customers in Cedar Rapids, Iowa. In 2012, 2011 and 2010, IPL had no single customer for which electric, gas, steam and/or other sales accounted for 10% or more of IPL’s consolidated revenues.

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2) WPL - was incorporated in 1917 in Wisconsin as Eastern Wisconsin Electric Company. WPL is a public utility engaged principally in the generation and distribution of electricity and the distribution and transportation of natural gas in selective markets in southern and central Wisconsin. WPL operates in municipalities pursuant to permits of indefinite duration and state statutes authorizing utility operation in areas annexed by a municipality. At December 31, 2012, WPL supplied electric and gas service to 458,180 and 181,028 retail customers, respectively. In 2012, 2011 and 2010, WPL had no single customer for which electric, gas and/or other sales accounted for 10% or more of WPL's consolidated revenues. WPL Transco LLC is a wholly-owned subsidiary of WPL and holds WPL's investment in the American Transmission Company LLC (ATC).

3) RESOURCES - was incorporated in 1988 in Wisconsin. In 2008, Resources was converted to a limited liability company. Alliant Energy's non-regulated investments are organized under Resources. Refer to "Information Relating to Non-regulated Operations" for additional details.

4) CORPORATE SERVICES - was incorporated in 1997 in Iowa. Corporate Services provides administrative services to Alliant Energy and its subsidiaries.

Refer to Note 15 of the "Combined Notes to Consolidated Financial Statements" for further discussion of business segments, which information is incorporated herein by reference.

B. INFORMATION RELATING TO ALLIANT ENERGY ON A CONSOLIDATED BASIS

1) EMPLOYEES - At December 31, 2012, Alliant Energy's consolidated subsidiaries had the following full- and part-time employees:

	Number of Bargaining Unit Employees	Number of Other Employees	Total Number of Employees	Percentage of Employees Covered by Collective Bargaining Agreements	
IPL	1,105	546	1,651	67	%
WPL	1,018	254	1,272	80	%
Corporate Services	26	817	843	3	%
Resources:					
RMT (Alliant Energy sold RMT in January 2013)	—	175	175	—	%
Other	86	28	114	75	%
	2,235	1,820	4,055	55	%

At December 31, 2012, Alliant Energy employees covered by collective bargaining agreements were as follows:

	Number of Employees	Contract Expiration Date
IPL:		
International Brotherhood of Electrical Workers (IBEW) Local 204 (Emery)	13	4/30/13
IBEW Local 204 (Cedar Rapids)	726	8/31/13
IBEW Local 1439	17	6/30/14
IBEW Local 949	219	9/30/15
IBEW Local 204 (Dubuque)	82	9/30/15
IBEW Local 204 (Mason City)	43	9/30/15

IBEW Local 1455	5	6/30/16
	1,105	
WPL - IBEW Local 965	1,018	5/31/14
Resources - Various	86	Various
Corporate Services - IBEW Local 204	26	10/31/14
	2,235	

2) CAPITAL EXPENDITURE AND INVESTMENT PLANS - Refer to "Liquidity and Capital Resources - Cash Flows - Investing Activities - Construction and Acquisition Expenditures" in MDA for discussion of anticipated construction and acquisition expenditures for 2013 through 2016.

3) REGULATION - Alliant Energy, IPL and WPL are subject to regulation by various federal, state and local agencies. The following includes the primary regulations impacting Alliant Energy's, IPL's and WPL's businesses.

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Federal Energy Regulatory Commission (FERC) -
Public Utility Holding Company Act of 2005 (PUHCA 2005) - Alliant Energy is registered with FERC as a public utility holding company, pursuant to PUHCA 2005, and is required to maintain certain records and to report certain transactions involving its public utilities, service company and other entities regulated by FERC. Corporate Services, IPL and WPL are subject to regulation by FERC under PUHCA 2005 for various matters including, but not limited to, affiliate transactions, public utility mergers, acquisitions and dispositions, and books, records and accounting requirements.

Energy Policy Act - The Energy Policy Act requires creation of an Electric Reliability Organization (ERO) to provide oversight by FERC. FERC designated the North American Electric Reliability Corporation (NERC) as the overarching ERO. The Midwest Reliability Organization (MRO), which is a regional member of NERC, has direct responsibility for mandatory electric reliability standards for IPL and WPL.

Federal Power Act - FERC also has jurisdiction, under the Federal Power Act, over certain electric utility facilities and operations, electric wholesale and transmission rates, dividend payments, issuance of securities (IPL and Corporate Services only) and accounting practices of Corporate Services, IPL and WPL.

Electric Wholesale Rates - IPL and WPL have received wholesale electric market-based rate authority from FERC. Market-based rate authorization allows for wholesale sales of electricity within the Midwest Independent Transmission System Operator (MISO) and PJM Interconnection, LLC (PJM) markets and in bilateral markets, based on the market value of the transactions. IPL and WPL also have FERC-approved cost-of-service based rates related to the provision of firm full- and partial-requirement wholesale electric sales. Both IPL's and WPL's wholesale cost-of-service tariffs are formula-based tariffs that allow for annual true-ups to actual costs, including fuel costs.

Electric Transmission Rates - FERC regulates the rates charged for electric transmission facilities used in interstate commerce. Neither IPL nor WPL own or operate electric transmission facilities; however, both IPL and WPL pay for the use of the interstate electric transmission system based upon FERC-regulated rates. IPL and WPL rely primarily upon the use of the ITC Midwest LLC (ITC) and ATC transmission systems, respectively.

FERC is performing an investigation into Attachment "O" protocols under the MISO tariff, focusing on the areas of participation, transparency and challenge procedures. IPL filed comments related to ITC's Attachment "O" protocols. IPL supports increasing the participation, transparency and challenge procedures related to Attachment "O." ITC filed comments contrary to IPL's position, alleging that the status quo affords IPL adequate information to challenge ITC's rates. Refer to "Other Future Considerations" in MDA for discussion of IPL's formal complaint filed with FERC in September 2012 alleging that ITC's Attachment "FF" tariff is unjust, unreasonable and unduly discriminatory to IPL and its electric customers.

Natural Gas Act - FERC regulates the transportation and sale for resale of natural gas in interstate commerce under the Natural Gas Act. Under the Natural Gas Act, FERC has authority over certain natural gas facilities and operations of IPL and WPL.

Environmental - Alliant Energy, IPL and WPL are subject to extensive environmental requirements. The EPA administers certain federal regulatory programs and has delegated the administration of other environmental regulatory programs to the applicable state environmental agencies. In general, the state agencies have jurisdiction over air and water quality, hazardous substances management, transportation and clean-up, and solid waste management requirements. In certain cases, the state environmental agencies have delegated the administration of environmental programs to local agencies. Alliant Energy, IPL and WPL are subject to these environmental regulations as a result of their current and past operations.

IUB - IPL is subject to regulation by the IUB related to its operations in Iowa for various matters including, but not limited to, retail utility rates and standards of service, accounting requirements and approval of the location and construction of electric generating facilities.

Retail Utility Base Rates - IPL files periodic requests with the IUB for retail rate changes. These filings are based on historical test periods. The historical test periods may be adjusted for certain known and measurable changes to capital investments, cost of capital and operating and maintenance expenses consistent with IUB rules and regulations. Interim retail rates can be placed in effect 10 days after the rate application filing, subject to refund, and must be based on past precedent. The IUB must decide on requests for retail rate changes within 10 months of the date of the application for which changes are filed, or the interim rates granted become permanent. Refer to "Rate Matters" in MDA for details of a retail electric base rate freeze effective for IPL's Iowa customers through 2013.

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Retail Commodity Cost Recovery Mechanisms - IPL's retail electric and natural gas tariffs contain automatic adjustment clauses for changes in prudently incurred commodity costs required to serve its retail customers in Iowa. Any over- or under-collection of commodity costs for each given month are automatically reflected in future billings to retail customers.

Retail Electric Transmission Cost Recovery Mechanism - Effective February 2011, electric transmission service expenses were removed from base rates and billed to IPL's Iowa retail electric customers through the transmission cost rider. This new cost recovery mechanism provides for subsequent adjustments to electric rates charged to Iowa retail electric customers for changes in electric transmission service expenses. Changes in the under-/over-collection of these costs are reflected in future billings to customers. The transmission cost rider will remain in effect until the IUB's decision in IPL's next retail electric base rate case, at which time the rider will be revisited.

Energy Efficiency Cost Recovery (EECR) Mechanism - In accordance with Iowa law, IPL is required to file an Energy Efficiency Plan (EEP) every five years with the IUB. An EEP provides a utility's plan and related budget to achieve specified levels of energy savings. IUB approval demonstrates that the IUB believes that IPL's EEP is reasonably expected to achieve cost-effective delivery of the energy efficiency programs. To the extent approved by the IUB, costs associated with executing the EEP are recovered from ratepayers through an additional tariff called an EECR factor. The EECR factors are revised annually and include a reconciliation to eliminate any over- or under-recovery of energy efficiency expenses from prior periods.

Electric Generating Facilities - IPL must obtain a Certificate of Public Convenience, Use and Necessity (GCU Certificate) from the IUB in order to construct a new or significantly alter an existing electric generating facility located in Iowa with 25 MW or more of capacity.

Advance Rate-making Principles - Iowa Code §476.53 provides Iowa utilities with rate-making principles prior to making certain generation investments in Iowa. As a result, IPL must file for, and the IUB must render a decision on, rate-making principles for electric generating facilities located in Iowa, including new base-load (nuclear or coal-fired generation) facilities with a capacity of 300 MW or more, combined-cycle natural gas-fired facilities of any size and renewable generating resources, such as wind facilities, of any size. Upon approval of rate-making principles by the IUB, IPL must either build the facility under the approved rate-making principles, or not at all.

Electric Generating Facility Emission Controls Projects - IPL is required to submit an Emissions Plan and Budget (EPB) biennially to the IUB setting out a multi-year plan and budget for managing regulated emissions from its electric generating facilities in a cost-effective manner. IPL must simultaneously submit this plan and budget to the Iowa Department of Natural Resources for a determination of whether the plan and budget meet state environmental requirements for regulated emissions. The reasonable costs associated with implementing the plan are expected to be included in IPL's future retail electric rates.

Public Service Commission of Wisconsin (PSCW) - Alliant Energy is subject to regulation by the PSCW for the type and amount of Alliant Energy's investments in non-utility businesses and other affiliated interest activities, among other matters. WPL is also subject to regulation by the PSCW related to its operations in Wisconsin for various matters including, but not limited to, retail utility rates and standards of service, accounting requirements, issuance and use of proceeds of securities, affiliate transactions, approval of the location and construction of electric generating facilities and certain other additions and extensions to facilities.

Retail Utility Base Rates - WPL files periodic requests with the PSCW for retail rate changes. These filings are required to be based on forward-looking test periods. There is no statutory time limit for the PSCW to decide retail base rate requests. However, the PSCW attempts to process retail base rate cases in approximately 10 months and has

the ability to approve interim retail rate relief, subject to refund, if necessary. Refer to "Rate Matters" in MDA for details of a retail electric and gas base rate freeze effective for WPL's customers during 2013 and 2014.

Retail Commodity Cost Recovery Mechanisms -
Electric - WPL's retail electric base rates include estimates of annual fuel-related costs (fuel and purchased power energy costs) anticipated during the test period. During each retail electric rate proceeding or in a separate fuel cost plan approval proceeding, the PSCW sets fuel monitoring ranges based on the forecasted fuel-related costs used to determine rates in such proceeding. If WPL's actual fuel-related costs fall outside these fuel monitoring ranges, WPL is authorized to defer the incremental over- or under-collection of fuel-related costs from retail electric customers that are outside the approved ranges. Deferral of under-collections are reduced to the extent actual return on common equity earned by WPL during the fuel cost plan year exceeds the applicable authorized return on common equity. Subject to review and approval by the PSCW, any deferred over- or under-collection of fuel-related costs for each year are reflected in future billings to retail customers.

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Natural Gas - WPL's retail natural gas tariffs contain an automatic adjustment clause for changes in prudently incurred natural gas costs required to serve its retail gas customers. Any over- or under-collection of natural gas costs for each given month are automatically reflected in future billings to retail customers.

EECR Mechanism - WPL contributes a certain percentage of its annual retail utility revenues to help fund Focus on Energy, Wisconsin's state-wide energy efficiency and renewable energy resource program. Estimated contributions to Focus on Energy, along with WPL-run energy efficiency program costs, are recovered from WPL's retail customers through changes in base rates determined during periodic rate proceedings and include a reconciliation of such estimated amounts to actual costs incurred with any difference deferred for inclusion in future base rate changes.

New Electric Generating Facilities - A Certificate of Authority (CA) application is required to be filed with the PSCW for construction approval of any new electric generating facility with a capacity of less than 100 MW. WPL must obtain a GCU Certificate from the PSCW in order to construct a new electric generating facility in Wisconsin with a capacity of 100 MW or more. In addition, WPL's ownership and operation of electric generating facilities (including those located outside the state of Wisconsin) to serve Wisconsin customers is subject to retail utility rate regulation by the PSCW.

Electric Generating Facility Upgrades - A CA application is required to be filed with the PSCW for construction approval of any additions to electric generating facilities, including emission controls projects that exceed a certain threshold amount. The current PSCW rules require a CA for projects with an estimated project cost of $10 million or more.

Advance Rate-making Principles - Wisconsin Statute §196.371 provides Wisconsin utilities with the opportunity to request rate-making principles prior to the purchase or construction of any nuclear or fossil-fueled electric generating facility or renewable generating resource, such as a wind facility, utilized to serve Wisconsin customers. WPL is not obligated to file for or accept authorized rate-making principles under Wisconsin Statute §196.371. WPL can proceed with an approved project under traditional rate-making terms or accept authorized rate-making principles under Wisconsin Statute §196.371.

Minnesota Public Utilities Commission (MPUC) - IPL is subject to regulation by the MPUC related to its operations in Minnesota for various matters including, but not limited to, retail utility rates and standards of service, accounting requirements, issuance and use of proceeds of securities that encumber property in Minnesota, affiliate transactions, and approval of the location and construction of electric generating facilities located in Minnesota with a capacity in excess of 50 MW.

Retail Utility Rates - Requests for retail rate change can be based on either historical or projected data and interim retail rates are permitted. IPL has historically requested retail rate relief based on historical test periods. The historical test periods may be adjusted for certain known and measurable capital additions placed in service by IPL and operating and maintenance expenses incurred by IPL within 12 months of the end of the test year. Unless otherwise ordered, the MPUC must reach a final decision within 10 months of filing for retail rate relief; however, the MPUC can extend the timing by 90 days.

Renewable Energy Cost Recovery Mechanism - In 2011, IPL received an order from the MPUC approving the implementation of an automatic cost recovery rider on a temporary basis to recover costs associated with renewable generation. The renewable energy rider does not require a base rate case for annual revision of rates charged to IPL's Minnesota retail electric customers, but requires that the renewable energy costs incurred be fully reconciled against the revenues collected for such costs. Initially, this would allow recovery of IPL's Whispering Willow - East wind

project located in Iowa. In 2011, the MPUC deferred judgment on the prudence of the Whispering Willow - East wind project costs. The initial recovery amount of the project costs will be allowed through the temporary renewable energy rider at a levelized cost of $51 per megawatt-hour (MWh). In January 2013, IPL filed a request with the MPUC for full cost recovery of the Minnesota retail portion of IPL's Whispering Willow - East wind project construction costs of approximately $30 million. IPL expects to receive a decision from the MPUC in 2013 for the final recovery amount for such costs.

Refer to Notes 1(b), 1(h), 2 and 13(e) of the "Combined Notes to Consolidated Financial Statements," and "Rate Matters," "Environmental Matters" and "Legislative Matters" in MDA for additional information regarding regulation and utility rate matters.

4) STRATEGIC OVERVIEW - Refer to "Strategic Overview" in MDA for discussion of various strategic actions by Alliant Energy, IPL and WPL.

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C. INFORMATION RELATING TO UTILITY OPERATIONS

Alliant Energy's utility business (IPL and WPL) has three segments: a) electric operations; b) gas operations; and c) other, which includes IPL's steam operations, various other energy-related products and services, and the unallocated portions of the utility business. In 2012, IPL's and WPL's operating revenues and operating income (loss) for these three utility business segments were as follows:

	IPL				WPL			
	Operating Revenues		Operating Income		Operating Revenues		Operating Income (Loss)	
Electric	83	%	83	%	88	%	91	%
Gas	14	%	12	%	12	%	10	%
Other	3	%	5	%	—	%	(1	%)
	100	%	100	%	100	%	100	%

1) ELECTRIC UTILITY OPERATIONS

General - Electric utility operations represent the largest operating segment for Alliant Energy, IPL and WPL. Alliant Energy's electric utility operations are located in the Midwest with IPL providing electric service in Iowa and southern Minnesota and WPL providing electric service in southern and central Wisconsin. Refer to the "Electric Operating Information" tables for additional details regarding electric utility operations.

Jurisdictions - Electric utility revenues by state were as follows (dollars in millions):

	2012		2011		2010	
	Amount	Percent	Amount	Percent	Amount	Percent
IPL:						
Iowa	$1,295.5	50 %	$1,327.2	50 %	$1,386.0	52 %
Minnesota	75.6	3 %	81.1	3 %	78.3	3 %
Subtotal	1,371.1	53 %	1,408.3	53 %	1,464.3	55 %
WPL:						
Wisconsin	1,218.2	47 %	1,227.5	47 %	1,209.9	45 %
	$2,589.3	100 %	$2,635.8	100 %	$2,674.2	100 %

The percentage of electric utility revenues regulated by the IUB, PSCW, MPUC and FERC were as follows:

	IPL						WPL					
	2012		2011		2010		2012		2011		2010	
IUB	92	%	90	%	91	%	—	%	—	%	—	%
PSCW	—	%	—	%	—	%	86	%	85	%	84	%
MPUC	5	%	6	%	5	%	—	%	—	%	—	%
FERC	3	%	4	%	4	%	14	%	15	%	16	%
	100	%	100	%	100	%	100	%	100	%	100	%

Customers - The number of electric customers and communities served at December 31, 2012 was as follows:

	Retail Customers	Wholesale Customers	Other Customers	Total Customers	Communities Served
IPL	526,841	8	1,373	528,222	752
WPL	458,180	21	2,245	460,446	606
	985,021	29	3,618	988,668	1,358

IPL and WPL provide electric utility service to a diversified base of retail customers in several industries, with the largest concentrations in the food manufacturing, chemical (including ethanol) and paper industries. IPL's retail customers in the above table are billed under base rates established by the IUB or MPUC that include recovery of and

a return on investments in electric infrastructure and recovery of purchased electric capacity costs and other costs required to serve customers. Prior to 2011, electric transmission service expenses were recovered from IPL's retail electric customers in Iowa through changes in base rates. Effective February 2011, electric transmission service expenses were removed from base rates and billed to IPL's Iowa retail electric customers through a transmission cost rider. This new cost recovery mechanism provides for subsequent adjustments to electric rates charged to Iowa electric retail customers for changes in electric transmission service expenses. IPL's electric production fuel and energy purchases costs are recovered pursuant to fuel adjustment clauses. WPL's retail customers in the above table are billed under base rates established by the PSCW that include recovery of and a return on investments in electric infrastructure and recovery of electric production fuel and purchased energy costs, purchased

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electric capacity costs, electric transmission service costs and other costs required to serve customers. Effective January 1, 2011, WPL defers electric production fuel and energy purchases costs that exceed or fall below established fuel monitoring ranges through a new electric fuel cost recovery mechanism. WPL's recovery of deferred electric production fuel and energy purchases costs is restricted if it earns in excess of its authorized return on common equity. Refer to "Rate Matters" in MDA for discussion of rate filings by WPL in 2012.

Wholesale customers in the above table, which primarily consist of municipalities and rural electric cooperatives, are billed under wholesale service agreements. These agreements include standardized pricing mechanisms that are detailed in tariffs approved by FERC through wholesale rate case proceedings. The tariffs include an annual true-up process for actual costs incurred. A significant majority of IPL's and WPL's wholesale service agreements have terms that end after 2016.

In addition, WPL has bulk power customers, included in "Other customers" in the above table, that are billed according to negotiated, long-term customer-specific contracts, pursuant to FERC-approved tariffs.

Seasonality - Electric sales are seasonal to some extent with the annual peak normally occurring in the summer months due to air conditioning requirements. In 2012, the maximum peak hour demands were as follows:

	Alliant Energy	IPL	WPL
MW	5,886	3,130	2,851
Date	July 25	July 25	July 5

Competition - Retail electric customers in Iowa, Wisconsin and Minnesota currently do not have the ability to choose their electric supplier. However, IPL and WPL attempt to attract new customers into their service territories in an effort to keep energy rates low for all. Although electric service in Iowa, Wisconsin and Minnesota is regulated, IPL and WPL still face competition from self-generation by large industrial customers, owners of distributed generation, alternative energy sources, and petitions to municipalize (Iowa) as well as service territory expansions by municipal utilities through annexations (Wisconsin).

In June 2010, the PSCW issued an order approving an economic development program effective July 2010, which is intended to attract and retain industrial customers in WPL's service territory. The program permits WPL to provide eligible industrial customers a discounted energy rate based upon specifically-defined conditions through December 2014. To be eligible for the program, each customer needs to demonstrate that it is also eligible for direct governmental assistance through a local, state or federal economic development program, in addition to other criteria. The discount amounts are limited to ensure recovery of marginal costs and will be decreased over time until a customer is paying the full tariff rate. Currently, there are three WPL customers utilizing the economic development program.

Renewable Energy Standards (RES) - As discussed in greater detail below, the states in which IPL and WPL operate have RES, which establish the amount of energy electric utilities or service providers must supply from renewable resources.

IPL - IPL allocates its portfolio of renewable energy credits (RECs) between its Iowa and Minnesota jurisdictions based on a load-ratio share. IPL has excess RECs in Iowa and a shortfall of RECs in Minnesota. However, the excess RECs in Iowa are much larger than the Minnesota shortfall partially due to the relatively small amount of IPL's load served in Minnesota compared to Iowa. IPL's surplus of RECs in Iowa could be used to meet the deficit of RECs in Minnesota. IPL expects to meet both its Iowa and Minnesota renewable energy requirements on a system-wide basis without the need to purchase additional RECs.

Iowa - IPL is required to purchase or own 50 MW of capacity from alternate energy or small hydro facilities located in its service area. IPL has met the Iowa requirement through 2012.

Minnesota - A Minnesota RES was established in 2007 that requires IPL to supply a minimum level of its total Minnesota retail electric sales with renewable energy sources by certain future dates. Based on this RES, IPL's total Minnesota retail electric sales supplied with renewable energy sources must be at least 12% by 2012; 17% by 2016; 20% by 2020; and 25% by 2025. Utilities in Minnesota may meet the requirements of the RES with renewable energy generated by the utility, renewable energy acquired under PPAs, or the use of accumulated or acquired RECs. IPL currently expects to satisfy future Minnesota RES requirements with its current wind generation and wind PPAs, supplemented as needed by acquiring additional RECs from its Iowa excess supply.

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WPL - A Wisconsin Renewable Portfolio Standard (RPS) was established in 2006 that requires electric utilities in Wisconsin, including WPL, to increase the portion of their total Wisconsin retail electric sales supplied by renewable energy sources above a benchmark of average retail sales from renewables in 2001, 2002 and 2003. The RPS required a 2% increase above the benchmark by 2010 and will require a 6% increase above the benchmark by 2015. Based on this RPS, WPL was required to supply a minimum of 5.28% of its total Wisconsin retail electric sales with renewable energy sources by 2010 and will be required to increase this amount to 9.28% by 2015. Wisconsin utilities may reach the RPS with renewable energy generated by the utility, acquired under PPAs or through the use of renewable resource credits. WPL has met the 2010 requirements of this RPS and currently expects to meet the 2015 requirements of the RPS with its current wind generation and wind PPAs.

Energy Conservation - IPL and WPL continue to promote energy conservation, including their customers' ability to efficiently manage their energy use. Refer to "Strategic Overview - Energy Efficiency Programs" in MDA for discussion of energy efficiency programs at IPL and WPL.

Electric Supply - Alliant Energy, IPL and WPL have met historical customer demand of electricity and expect to continue meeting future demand through a mix of electric supply including internally generated electricity, PPAs and additional purchases from wholesale energy markets. Alliant Energy's mix of electric supply experienced changes in recent years with WPL's purchases of the Neenah Energy Facility in 2009, Wisconsin Electric Power Company's 25% interest in Edgewater Unit 5 in early 2011 and the Riverside Energy Center (Riverside) in the fourth quarter of 2012, the completion of wind projects including IPL's Whispering Willow - East wind project in late 2009 and WPL's Bent Tree - Phase I wind project in early 2011, and IPL's retirement of various electric generating units. Alliant Energy expects its mix of electric supply to change further in the next several years with IPL's proposed construction of the Marshalltown Generating Station, the decision not to renew WPL's existing nuclear PPA beyond its December 2013 expiration date, and the proposed retirement of additional generating units. Alliant Energy, IPL and WPL periodically update their generation plans to identify longer term electric supply resource needs. These long-term generation plans are intended to meet customer demand, reduce reliance on PPAs and wholesale market purchases and mitigate the impacts of future plant retirements while maintaining compliance with long-term electric demand planning reserve margins, environmental requirements and RES established by regulators. Alliant Energy, IPL and WPL currently expect to meet utility customer demand in the future. However, unanticipated regional or local reliability issues could still arise in the event of unexpected delays in the construction of new generating and/or transmission facilities, retirement of generating facilities, generating facility outages, transmission system outages or extended periods of extreme weather conditions. Refer to the "Electric Operating Information" tables for a profile of the sources of electric supply used to meet customer demand for Alliant Energy, IPL and WPL from 2008 to 2012. Refer to "Strategic Overview - Generation Plans" in MDA for details of Alliant Energy's, IPL's and WPL's future generation plans.

Electric Demand Planning Reserve Margin (PRM) - IPL and WPL are required to maintain a PRM above their load at the time of the MISO-wide peak to ensure reliability of electric service to their customers. The installed capacity reserve margin is 14.2% and the unforced capacity reserve margin is 6.2% for the June 1, 2013 through May 31, 2014 MISO planning year. IPL and WPL currently have adequate capacity to meet the MISO PRM requirements.

Effective for the June 1, 2013 through May 31, 2014 MISO planning year, MISO implemented a Local Resource Zone (LRZ) concept. The purpose of the LRZ concept is to encourage adequate generating resources adjacent to load served by such generating resources. IPL is located in LRZ No. 3, which covers the entire state of Iowa and a portion of southern Minnesota. WPL is located in LRZ No. 2, which covers the southern and eastern portions of Wisconsin and upper peninsula of Michigan. Subject to certain zonal transfer capacity limits, load-serving utilities (including IPL and WPL) are permitted to have generating capacity located outside of their respective LRZs if they procure firm point-to-point transmission service to import the capacity from another LRZ. If a utility chooses to import capacity from another LRZ without firm point-to-point transmission service, it will incur a zonal delivery charge. Neither IPL

or WPL have current generating capacity located outside of their respective LRZs; therefore they do not expect to be subject to zonal delivery charges during the June 1, 2013 through May 31, 2014 MISO planning year.

Generation - IPL and WPL own a portfolio of electric generating facilities located in Iowa, Wisconsin and Minnesota with a diversified fuel mix including coal, natural gas and renewable resources. Refer to Item 2 Properties for details of IPL's and WPL's electric generating stations.

Generating Capacity - The generating capacity of IPL's and WPL's electric generating facilities is based upon MISO's resource adequacy process, which uses the unforced capacity of the generating facilities. The generating capacity for the June 2012 to May 2013 planning period by fuel type in MWs was as follows:

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	IPL	WPL	Total
Coal	1,304	1,348	2,652
Natural gas (a)	820	1,183	2,003
Oil	242	—	242
Wind (b)	—	7	7
Total	2,366	2,538	4,904

(a) In December 2012, WPL purchased Riverside, a 600 MW natural gas-fired electric generating facility. WPL was credited 572 MW of capacity for this facility during the period from February 2013 to May 2013 based upon the MISO resource adequacy process. WPL is utilizing 497 MW of the accredited capacity from Riverside to satisfy its PRM requirements and has sold 75 MW of the accredited capacity to a third-party with a PPA.

(b) As of December 31, 2012, completed wind projects owned by Alliant Energy's regulated utilities included IPL's 200 MW Whispering Willow - East wind project in Franklin County, Iowa, WPL's 68 MW Cedar Ridge wind project in Fond du Lac County, Wisconsin and WPL's 200 MW Bent Tree - Phase I wind project in Freeborn County, Minnesota. The amounts in the table above represent 0%, 10% and 0% of the capacity of IPL's Whispering Willow - East, WPL's Cedar Ridge and WPL's Bent Tree - Phase I wind projects, respectively, based upon the MISO resource adequacy process, which is determined separately for each wind site, during the planning period from June 2012 to May 2013.

Fuel Costs - The average cost of delivered fuel per million British Thermal Units used for electric generation was as follows:

	IPL			WPL		
	2012	2011	2010	2012	2011	2010
All fuels	$2.26	$2.18	$2.17	$2.26	$2.28	$2.17
Coal	1.91	1.86	1.73	2.21	2.22	2.06
Natural gas (a)	3.79	7.17	9.79	3.21	6.30	12.83

(a) The average cost of natural gas includes commodity and transportation costs as well as gains and losses from swap and option contracts used to hedge the price of natural gas volumes expected to be used by Alliant Energy's natural gas-fired electric generating facilities.

Coal - Coal is the primary fuel source for Alliant Energy's, IPL's and WPL's internally generated electric supply and represented approximately 40% to 50% of their total sources of electric energy in 2012. Alliant Energy, through Corporate Services as agent for IPL and WPL, has entered into contracts with different suppliers to help ensure that a specified supply of coal is available at known prices for IPL's and WPL's coal-fired generating facilities for 2013 through 2017. As of December 31, 2012, existing contracts provide for a portfolio of coal supplies that cover approximately 77%, 44%, 36%, 9% and 7% of IPL's and WPL's estimated aggregate coal supply needs for 2013 through 2017, respectively. Alliant Energy, IPL and WPL believe this portfolio of coal supplies represents a reasonable balance between the risks of insufficient supplies and those associated with being unable to respond to future coal market changes. Alliant Energy, IPL and WPL expect to meet remaining coal requirements from either future term contracts or purchases in the spot market. Alliant Energy, through its subsidiaries Corporate Services, IPL and WPL, also enters into various coal transportation agreements to meet its coal supply requirements. As of December 31, 2012, existing coal transportation agreements cover approximately 100%, 95% and 14% of IPL's estimated coal transportation needs for 2013 through 2015, respectively, and 100%, 100% and 31% of WPL's estimated coal transportation needs for 2013 through 2015, respectively.

Nearly all of the coal utilized by IPL and WPL is from the Wyoming Powder River Basin. A majority of this coal is transported by rail-car directly from Wyoming to IPL's and WPL's generating stations, with the remainder transported

from Wyoming to the Mississippi River by rail-car and then via barges to the final destination. As protection against interruptions in coal deliveries, IPL and WPL strive to maintain average coal inventory supply targets of 25 to 55 days for generating stations with year-round deliveries and 30 to 150 days (depending upon the time of year) for generating stations with seasonal deliveries. Actual inventory averages for 2012 were 54 days for generating stations with year-round deliveries and 114 days for generating stations with seasonal deliveries. The average days on hand were computed based on actual tons of inventory divided by estimated average daily tons burned. Alliant Energy, IPL and WPL periodically test coal from sources other than the Wyoming Powder River Basin to determine which alternative sources of coal are most compatible with their generating stations. Access to alternative sources of coal is expected to provide Alliant Energy, IPL and WPL with further protection against interruptions and lessen their dependence on their primary coal source.

Average delivered fossil fuel costs are expected to increase in the future due to price structures and adjustment provisions in existing coal contracts, rate structures and adjustment provisions in existing transportation contracts, fuel-related surcharges

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incorporated by transportation carriers and expected future coal and transportation market trends. Existing coal commodity contracts with terms of greater than one year have fixed future year prices that generally reflect recent market trends. One of Alliant Energy's existing coal contracts contain provisions for price adjustments should specific indices change beyond a certain threshold. Rate adjustment provisions in older transportation contracts are primarily based on changes in the Rail Cost Adjustment Factor as published by the U.S. Surface Transportation Board. Rate adjustment provisions in more recent transportation contracts are based on changes in the All Inclusive Index Less Fuel as published by the Association of American Railroads. These more recent transportation contracts also contain fuel surcharges that are subject to change monthly based on changes in diesel fuel prices. Other factors that may impact coal prices for future commitments are increasing costs for supplier mineral rights, increasing costs to mine the coal and changes in various associated laws and regulations. For example, emission restrictions related to sulfur dioxide (SO2), nitrogen oxide (NOx) and mercury, along with other environmental limitations on generating stations, continue to increase and will likely limit the ability to obtain, and further increase the cost of, adequate coal supplies. Factors that may impact future transportation rates include, but are not limited to: the need for railroads to enhance/expand infrastructure for demand growth, corresponding investments in locomotives and crews, and the desire to improve margins on coal movements commensurate with margins on non-coal movements.

Alliant Energy, IPL and WPL believe they are reasonably insulated against coal price volatility given their current coal procurement process, the specific coal market in their primary purchase region and regulatory cost-recovery mechanisms. Alliant Energy's coal procurement process stresses periodic purchases, staggering of contract terms, stair-stepped levels of supply going forward for multiple years and supplier diversity. Similarly, given the term lengths of their transportation agreements, Alliant Energy, IPL and WPL believes they are reasonably insulated against future higher coal transportation rates from the major railroads.

Natural Gas - Alliant Energy owns several natural gas-fired generating facilities including IPL's 565 MW Emery Generating Station, WPL's 300 MW Neenah Energy Facility, WPL's 600 MW Riverside Generating Station and Resources' 300 MW Sheboygan Falls Energy Facility. WPL has exclusive rights to the output of the Sheboygan Falls Energy Facility under an affiliated lease agreement. These facilities help meet customer demand for electricity generally during peak hour demands and when natural gas prices are low enough to make natural gas-fired generation economical compared to other fuel sources. Internally generated electric supply from natural gas-fired generating facilities represented less than 5% to 10% of Alliant Energy's, IPL's and WPL's total sources of electric energy in 2012. Alliant Energy manages the gas supply to these gas-fired generating facilities and provides supply through a combination of third-party deliveries and pipeline transportation and storage contracts held by IPL and WPL.

Wind - IPL's 200 MW Whispering Willow - East wind project in Franklin County, Iowa began generating electricity in 2009. WPL's 68 MW Cedar Ridge wind project in Fond du Lac County, Wisconsin began generating electricity in 2008. WPL's 200 MW Bent Tree - Phase I wind project in Freeborn County, Minnesota began full generation of electricity in early 2011. Internally generated electric supply from wind facilities represented less than 5% of Alliant Energy's, IPL's and WPL's total sources of electric energy in 2012. All or some of the renewable energy attributes associated with generation from these sources may be used in future years to comply with RES or other regulatory requirements, or sold to third parties in the form of RECs or other environmental commodities.

Purchased Power - IPL and WPL periodically enter into PPAs and purchase electricity from wholesale energy markets to meet a portion of their customer demand for electricity. Purchased power represented approximately 40% to 45% of Alliant Energy's, IPL's and WPL's total sources of electric energy in 2012. IPL's most significant PPA is with NER for the purchase of energy and capacity from the Duane Arnold Energy Center (DAEC) through February 2014. In January 2013, the IUB issued an order allowing IPL to proceed with a proposed DAEC PPA, which will provide IPL 431 MWs of capacity and the resulting energy from DAEC for a term from the expiration of the existing PPA in February 2014 through December 31, 2025. WPL's most significant PPA is with Dominion Resources, Inc.

(Dominion) for the purchase of energy and capacity from the Kewaunee Nuclear Power Plant (Kewaunee) through December 2013. In October 2012, Dominion announced plans to shut down Kewaunee in the second quarter of 2013. WPL currently expects that Dominion will provide WPL replacement energy and capacity under the terms of the Kewaunee PPA after the plant is shut down through the end of the PPA term in December 2013. As a result, WPL currently expects no material changes to the expected energy and capacity payments under the PPA.

Refer to Note 1(h) for discussion of IPL's and WPL's rate recovery of electric production fuel and purchased energy costs, Note 3(a) for details regarding PPAs accounted for as operating leases and Note 13(b) for details on IPL's and WPL's coal, natural gas and other purchased power commitments in the "Combined Notes to Consolidated Financial Statements."

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Electric Transmission -
IPL - IPL completed the sale of its electric transmission assets located in Iowa, Minnesota and Illinois to ITC in 2007. ITC is an independent for-profit, transmission-only company and is a transmission-owning member of the MISO RTO, MRO and Reliability First Corporation Regional Entities. IPL currently receives substantially all its transmission services from ITC. The annual transmission service rates that ITC charges its customers is calculated each calendar year using a FERC-approved cost of service formula rate template referred to as Attachment "O." Refer to "Other Future Considerations - Electric Transmission Service Charges" in MDA for additional information regarding transmission service charges from ITC. Refer to "Rate Matters - Recent Retail Base Rate Filings - IPL's Iowa Retail Electric Rate Case (2009 Test Year)" in MDA for discussion of a transmission cost rider approved by the IUB in January 2011 for recovery of IPL's electric transmission service expenses.

WPL - WPL transferred its transmission assets to ATC in 2001 in exchange for an ownership interest in ATC. As of December 31, 2012, WPL held a 16% ownership interest in ATC with a carrying value of $257 million. WPL's investment in ATC generated equity income of $41 million in 2012 for Alliant Energy and WPL. During 2012, ATC distributed to WPL, in the form of dividends, $33 million or approximately 80% of WPL's equity earnings from ATC. Although no assurance can be given, WPL anticipates ATC will continue a dividend payout ratio close to this level in the future. WPL currently anticipates making capital contributions of $4 million, $2 million and $20 million to ATC in 2013, 2014 and 2015, respectively, to maintain its current ownership percentage and help fund future proposed transmission projects These future proposed transmission projects require approval from various regulatory agencies to construct. Certain of these future proposed transmission projects are currently being challenged by other utilities and other transmission-only companies who have requested to own a portion of the future transmission projects proposed by ATC. Alliant Energy and WPL are currently unable to determine the impact these challenges may have on ATC's plans to construct these proposed transmission projects and the resulting impact on their future capital contributions to ATC and equity earnings income and dividends received from ATC.

ATC is an independent for-profit, transmission-only company and is a transmission-owning member of the MISO RTO, MRO and Reliability First Corporation Regional Entities. ATC has transmission interconnections with various other transmission owning utilities in the Midwest. These interconnections enhance the overall reliability of the WPL delivery system and provide access to multiple sources of economic and emergency energy. WPL currently receives substantially all its transmission services from ATC. The annual transmission service rates that ATC charges its customers are calculated each calendar year using a FERC-approved cost of service formula rate template referred to as Attachment "O." Refer to "Other Future Considerations - Electric Transmission Service Charges" in MDA for additional information regarding transmission service charges from ATC.

In 2011, Duke Energy Corporation and ATC announced the creation of Duke-American Transmission Co. (DATC), a joint venture that is expected to build, own and operate new electric transmission infrastructure in North America. In 2011, DATC announced its first set of transmission projects, which include seven new transmission lines in five Midwestern states to be constructed over the next 10 years for an aggregate cost of approximately $4 billion. These transmission projects are subject to approval by various regulatory agencies. Alliant Energy and WPL are currently unable to determine what impacts the joint venture and transmission line projects noted above, if constructed, will have on their future equity income, distributions from ATC, capital contributions to ATC, or ownership in ATC.

Refer to Note 19 of the "Combined Notes to Consolidated Financial Statements" for details of agreements between ATC and WPL.

MISO Markets - IPL and WPL are members of MISO, a FERC-approved RTO, which is responsible for monitoring and ensuring equal access to the transmission system in their service territories. IPL and WPL participate in the wholesale energy and ancillary services markets operated by MISO, which are discussed in more detail below. IPL

and WPL are parties to a system coordination and operating agreement whereby Corporate Services serves as agent on behalf of IPL and WPL. The agreement, which has been approved or reviewed by FERC and all state regulatory bodies having jurisdiction, provides a contractual basis for coordinated planning, construction, operation and maintenance of the interconnected electric generation systems of IPL and WPL. As agent of the agreement, Corporate Services enters into energy, capacity, ancillary services, and transmission service sale and purchase transactions. Corporate Services allocates such sales and purchases among IPL and WPL based on information provided by MISO and procedures included in the agreement. Refer to Note 19 of the “Combined Notes to Consolidated Financial Statements” for additional discussion of these allocated amounts.

Wholesale Energy Market - IPL and WPL began participation in the wholesale energy market operated by MISO in 2005. The market dictates the process by which IPL and WPL buy and sell wholesale electricity, obtain transmission services, schedule generation and ensure resource adequacy to reliably serve load. In the market, IPL and WPL submit day-ahead and/

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or real-time bids and offers for energy. MISO evaluates IPL's, WPL's and other market participants' offers, bids and energy injections into, and withdrawals from, the system to economically dispatch the entire MISO system on an hourly basis. MISO settles these hourly offers and bids based on locational marginal prices, which are market-driven values based on the specific time and location of the purchase and/or sale of energy. The market is intended to send price signals to stakeholders about where generation or transmission system expansion is needed. In addition, MISO may dispatch generators that support reliability needs, but that would not have operated based on economic needs. In these cases, MISO's settlement assures that these generators are made whole financially for their variable costs. IPL and WPL also periodically engage in related transactions in PJM's bid/offer-based wholesale energy market, which are accounted for in a similar manner as the MISO transactions.

Financial Transmission Rights (FTRs) and Auction Revenue Rights (ARRs) - In areas of constrained transmission capacity, costs could be higher due to congestion and its impact on locational marginal prices. As part of the MISO market restructuring in 2005, physical transmission rights of IPL and WPL were replaced with FTRs. FTRs provide a hedge for congestion costs that occur in the MISO day-ahead energy market. MISO allocates ARRs to IPL and WPL each year based on historical use of the transmission system. The revenue rights associated with the allocated ARRs are used by IPL and WPL to acquire FTRs through the FTR auctions operated by MISO. MISO allocates ARRs annually based on a fiscal year from June 1 through May 31. IPL's and WPL's current FTRs acquired from ARRs extend through May 31, 2013.

Ancillary Services Market - IPL and WPL began participating in MISO's ancillary services market that was launched in 2009. The ancillary services market integrates the procurement and use of regulation and contingency reserves with the existing wholesale energy market implemented in 2005. Regulation reserves refer to generation available to meet the moment-to-moment changes in generation that are necessary to meet changes in electricity demand. Contingency reserves refer to additional generation or demand response resources, either on-line or that can be brought on-line within 10 minutes, to meet certain major events such as the loss of a large generating unit or transmission line.

Multi-Value Projects (MVPs) - MISO tariffs billed to IPL and WPL include costs related to various shared transmission projects including MVPs. MVPs include new large scale transmission projects that enable the reliable and economic delivery of energy in support of documented energy policy mandates, reduce market congestion or provide economic value across multiple pricing zones within MISO. MVP costs are socialized across the entire MISO footprint based on energy usage of each MISO participant. MISO tariffs billed to IPL and WPL also include costs related to other shared transmission projects, including projects designed to reduce market congestion, provide interconnection service to the transmission grid for new generation, and to ensure compliance with applicable standards. The costs of these projects are allocated to MISO participants in a way that is commensurate with the benefit to the participants' pricing zone. The MISO transmission charges billed to IPL and WPL are expected to increase in the future due to the increased number of shared transmission projects occurring in the MISO region.

Attachment Y Notices and System Support Resources (SSR) - MISO requires its market participants (including IPL and WPL, among others) who own electric generating facilities to submit an Attachment Y Notice if they plan to retire a facility or suspend operations of a facility for a period longer than two months. Pursuant to receiving an Attachment Y Notice, MISO will conduct a study to determine whether all or a portion of the facility's capacity is necessary to maintain system reliability. If the facility's capacity is determined to be necessary to maintain system reliability, MISO designates the facility as an SSR. If the facility's owner accepts the SSR designation, the facility's owner negotiates with MISO an annual revenue requirement designed to cover the future costs of maintaining availability of the SSR. The annual revenue requirement determined for each SSR is subject to FERC approval. The annual revenue requirement for the SSR is assigned to certain load serving entities based on a MISO study. Alliant Energy, IPL and WPL are currently unable to estimate the amount of future SSR charges that may be assigned to IPL and WPL as load serving entities. Alliant Energy, IPL and WPL are also currently unable to estimate the impacts of

any potential SSR designations on electric generating facilities they plan to retire. Refer to "Strategic Overview - Generation Plans" in MDA for discussion of electric generating facilities that IPL and WPL currently plan to retire.

Electric Environmental Matters - Alliant Energy, IPL and WPL are subject to extensive environmental laws and regulations at a federal, state and local level relating to the protection of the environment and health and safety matters, including those governing air emissions; water discharges; the management, storage and disposal of hazardous materials; and the clean-up of contaminated sites. The laws impacting Alliant Energy's, IPL's and WPL's electric operations include, but are not limited to, the Safe Drinking Water Act; Clean Water Act; Clean Air Act; National Environmental Policy Act of 1969; Toxic Substances Control Act; Resource Conservation and Recovery Act; Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act and Emergency Planning and Community Right-to-Know Act of 1986; Endangered Species Act; Occupational Safety and Health Act; National Energy Policy Act, as amended; Federal Insecticide, Fungicide and Rodenticide Act; Hazardous Materials Transportation Act;

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Pollution Prevention Act; and Department of Homeland Security Appropriations Act, as well as similar state laws, and regulations promulgated thereunder. Alliant Energy, IPL and WPL regularly obtain federal, state and local permits to assure compliance with environmental protection laws and regulations. Costs associated with such compliance have increased in recent years and are expected to continue to increase in the future. Alliant Energy, IPL and WPL anticipate that prudently incurred compliance and remediation costs for IPL and WPL will be recoverable, in whole or part, through future rate case proceedings. Refer to "Environmental Matters" in MDA and Note 13(e) of the "Combined Notes to Consolidated Financial Statements" for further discussion of electric environmental matters, including current or proposed environmental regulations. Refer to "Strategic Overview - Environmental Compliance Plans" in MDA for details of Alliant Energy's, IPL's and WPL's future environmental compliance plans to adhere to applicable environmental requirements.

Alliant Energy Corporation Electric Operating Information	2012	2011	2010	2009	2008
Operating Revenues (in millions):					
Residential	$975.9	$985.8	$1,001.5	$868.6	$844.7
Commercial	611.4	612.1	619.0	556.8	537.5
Industrial	741.8	748.9	762.8	710.7	734.7
Retail subtotal	2,329.1	2,346.8	2,383.3	2,136.1	2,116.9
Sales for resale:					
Wholesale	187.6	189.8	196.8	190.1	201.9
Bulk power and other	23.8	52.2	44.1	98.3	31.1
Other	48.8	47.0	50.0	51.4	61.4
Total	$2,589.3	$2,635.8	$2,674.2	$2,475.9	$2,411.3
Electric Sales (000s MWh):					
Residential	7,679	7,740	7,836	7,532	7,664
Commercial	6,352	6,253	6,219	6,108	6,181
Industrial	11,555	11,504	11,213	10,948	12,490
Retail subtotal	25,586	25,497	25,268	24,588	26,335
Sales for resale:					
Wholesale	3,317	3,372	3,325	3,251	3,813
Bulk power and other	1,303	1,757	1,378	2,583	983
Other	151	151	153	155	164
Total	30,357	30,777	30,124	30,577	31,295
Customers (End of Period):					
Residential	844,388	842,780	841,726	840,927	840,644
Commercial	137,791	136,732	135,832	135,099	134,536
Industrial	2,842	2,895	2,875	2,881	2,934
Other	3,647	3,638	3,632	3,555	3,534
Total	988,668	986,045	984,065	982,462	981,648
Other Selected Electric Data:					
Maximum peak hour demand (MW)	5,886	5,734	5,425	5,491	5,491
Cooling degree days (a):					
Cedar Rapids, Iowa (IPL) (normal - 740)	1,052	887	923	406	583
Madison, Wisconsin (WPL) (normal - 625)	1,070	814	829	368	538
Sources of electric energy (000s MWh):					
Coal	14,680	16,440	16,366	15,321	17,495
Purchased power:					
Nuclear	5,483	5,483	5,667	5,428	5,465

Other (b)	8,241	7,529	7,514	9,542	7,866
Gas	1,285	588	633	661	1,037
Other (b)	1,381	1,413	820	402	245
Total	31,070	31,453	31,000	31,354	32,108
Revenue per kilowatt-hour (KWh) sold to retail customers (cents)	9.10	9.20	9.43	8.69	8.04

(a) Cooling degree days are calculated using a simple average of the high and low temperatures each day compared to a 65 degree base. Normal degree days are calculated using a rolling 20-year average of historical cooling degree days.

(b) All or some of the renewable energy attributes associated with generation from these sources may be used in future years to comply with renewable energy standards or other regulatory requirements, or sold to third-parties in the form of renewable energy credits or other environmental commodities.

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Interstate Power and Light Company Electric Operating Information	2012	2011	2010	2009	2008
Operating Revenues (in millions):					
Residential	$529.9	$543.2	$561.9	$478.9	$455.2
Commercial	365.3	366.0	378.7	336.8	319.4
Industrial	408.0	415.4	441.9	412.5	407.0
Retail subtotal	1,303.2	1,324.6	1,382.5	1,228.2	1,181.6
Sales for resale:					
Wholesale	27.8	29.6	29.8	23.5	23.4
Bulk power and other	9.5	24.6	23.5	37.3	21.1
Other	30.6	29.5	28.5	26.6	32.2
Total	$1,371.1	$1,408.3	$1,464.3	$1,315.6	$1,258.3
Electric Sales (000s MWh):					
Residential	4,141	4,223	4,295	4,113	4,218
Commercial	4,045	3,953	3,944	3,851	3,911
Industrial	7,116	7,080	6,961	6,829	7,742
Retail subtotal	15,302	15,256	15,200	14,793	15,871
Sales for resale:					
Wholesale	418	417	425	403	449
Bulk power and other	377	729	683	901	682
Other	81	84	83	84	90
Total	16,178	16,486	16,391	16,181	17,092
Customers (End of Period):					
Residential	443,802	443,358	443,694	443,615	443,589
Commercial	81,203	80,506	80,063	79,805	79,508
Industrial	1,836	1,906	1,900	1,914	1,939
Other	1,381	1,381	1,366	1,376	1,381
Total	528,222	527,151	527,023	526,710	526,417
Other Selected Electric Data:					
Maximum peak hour demand (MW)	3,130	3,131	2,963	2,981	2,943
Cooling degree days (a):					
Cedar Rapids, Iowa (normal - 740)	1,052	887	923	406	583
Sources of electric energy (000s MWh):					
Coal	7,302	8,456	8,663	8,162	9,517
Purchased power:					
Nuclear	3,641	3,624	3,623	3,577	3,619
Other (b)	3,980	3,755	3,620	4,315	3,154
Gas	1,081	532	578	636	983
Other (b)	617	586	375	58	23
Total	16,621	16,953	16,859	16,748	17,296
Revenue per KWh sold to retail customers (cents)	8.52	8.68	9.10	8.30	7.45

(a) Cooling degree days are calculated using a simple average of the high and low temperatures each day compared to a 65 degree base. Normal degree days are calculated using a rolling 20-year average of historical cooling degree days.

(b) All or some of the renewable energy attributes associated with generation from these sources may be used in future years to comply with renewable energy standards or other regulatory requirements, or sold to third-parties in the form of renewable energy credits or other environmental commodities.

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Wisconsin Power and Light Company Electric Operating Information	2012	2011	2010	2009	2008
Operating Revenues (in millions):					
Residential	$446.0	$442.6	$439.6	$389.7	$389.5
Commercial	246.1	246.1	240.3	220.0	218.1
Industrial	333.8	333.5	320.9	298.2	327.7
Retail subtotal	1,025.9	1,022.2	1,000.8	907.9	935.3
Sales for resale:					
Wholesale	159.8	160.2	167.0	166.6	178.5
Bulk power and other	14.3	27.6	20.6	61.0	10.0
Other	18.2	17.5	21.5	24.8	29.2
Total	$1,218.2	$1,227.5	$1,209.9	$1,160.3	$1,153.0
Electric Sales (000s MWh):					
Residential	3,538	3,517	3,541	3,419	3,446
Commercial	2,307	2,300	2,275	2,257	2,270
Industrial	4,439	4,424	4,252	4,119	4,748
Retail subtotal	10,284	10,241	10,068	9,795	10,464
Sales for resale:					
Wholesale	2,899	2,955	2,900	2,848	3,364
Bulk power and other	926	1,028	695	1,682	301
Other	70	67	70	71	74
Total	14,179	14,291	13,733	14,396	14,203
Customers (End of Period):					
Residential	400,586	399,422	398,032	397,312	397,055
Commercial	56,588	56,226	55,769	55,294	55,028
Industrial	1,006	989	975	967	995
Other	2,266	2,257	2,266	2,179	2,153
Total	460,446	458,894	457,042	455,752	455,231
Other Selected Electric Data:					
Maximum peak hour demand (MW)	2,851	2,761	2,654	2,558	2,583
Cooling degree days (a):					
Madison, Wisconsin (normal - 625)	1,070	814	829	368	538
Sources of electric energy (000s MWh):					
Coal	7,378	7,984	7,703	7,159	7,978
Purchased power:					
Nuclear	1,842	1,859	2,044	1,851	1,846
Other (b)	4,261	3,774	3,894	5,227	4,712
Gas	204	56	55	25	54
Other (b)	764	827	445	344	222
Total	14,449	14,500	14,141	14,606	14,812
Revenue per KWh sold to retail customers (cents)	9.98	9.98	9.94	9.27	8.94

(a) Cooling degree days are calculated using a simple average of the high and low temperatures each day compared to a 65 degree base. Normal degree days are calculated using a rolling 20-year average of historical cooling degree days.

(b) All or some of the renewable energy attributes associated with generation from these sources may be used in future years to comply with renewable energy standards or other regulatory requirements, or sold to third-parties in the form of renewable energy credits or other environmental commodities.

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2) GAS UTILITY OPERATIONS

General - Gas utility operations represent the second largest operating segment for Alliant Energy, IPL and WPL. Alliant Energy's gas utility operations are located in the Midwest with IPL providing gas service in Iowa and southern Minnesota, and WPL providing gas service in southern and central Wisconsin. Refer to the "Gas Operating Information" tables for additional details regarding gas utility operations.

Jurisdictions - Gas utility revenues by state were as follows (dollars in millions):

	2012		2011		2010	
	Amount	Percent	Amount	Percent	Amount	Percent
IPL:						
Iowa	$216.6	55 %	$263.3	55 %	$261.5	54 %
Minnesota	10.1	2 %	13.0	3 %	12.8	3 %
Subtotal	226.7	57 %	276.3	58 %	274.3	57 %
WPL:						
Wisconsin	169.6	43 %	200.4	42 %	206.3	43 %
	$396.3	100 %	$476.7	100 %	$480.6	100 %

Customers - The number of gas customers and communities served at December 31, 2012 were as follows:

	Retail Customers	Transportation / Other Customers	Total Customers	Communities Served
IPL	233,820	334	234,154	243
WPL	181,028	240	181,268	239
	414,848	574	415,422	482

IPL's and WPL's retail gas customers in the above table are billed under base rates established by the IUB, MPUC or PSCW that include recovery of and a return on investments in gas infrastructure and recovery of costs required to serve customers. Commodity, storage and transportation costs incurred by IPL and WPL are recovered pursuant to natural gas cost recovery mechanisms. In addition to sales of natural gas to retail customers, IPL and WPL provide transportation service to commercial and industrial customers by moving customer-owned gas through Alliant Energy's distribution systems to the customers' meters. Revenues are collected for this service pursuant to transportation tariffs. Refer to "Rate Matters" in MDA for discussion of IPL's and WPL's recent retail gas rate cases.

Seasonality - Gas sales follow a seasonal pattern with an annual base-load of gas and a large heating peak occurring during the winter season. Natural gas obtained from producers, marketers and brokers, as well as gas in storage, is utilized to meet the peak heating season requirements. Storage contracts allow IPL and WPL to purchase gas in the summer, store the gas in underground storage fields and deliver it in the winter.

Competition - Federal and state regulatory policies are in place to bring competition to the gas industry. While the gas utility distribution function is expected to remain a regulated function, sales of the natural gas commodity and related services are subject to competition from third parties. It remains uncertain if, and when, the current economic disincentives for smaller consumption customers to choose an alternative gas commodity supplier may be removed such that the utility business begins to face competition for the sale of gas to those customers.

Gas Supply - IPL and WPL maintain purchase agreements with over 70 suppliers of natural gas from various gas producing regions of the U.S. and Canada. The majority of the gas supply contracts are for terms of six months or less, with the remaining supply contracts having terms through March 2015. IPL's and WPL's gas supply commitments are primarily market-based.

In more recent years, natural gas prices have fallen to levels not seen in a decade. Prices have fallen largely due to surging supply caused by shale gas production. Given the tariffs for IPL's and WPL's retail gas customers provide for subsequent adjustments to their rates in the cost of gas sold, the decreased natural gas prices do not have a material impact on their respective gas margins.

In providing gas commodity service to retail customers, Corporate Services administers a diversified portfolio of transportation and storage contracts on behalf of IPL and WPL. Transportation contracts with Northern Natural Gas Company (NNG), ANR Pipeline (ANR), Natural Gas Pipeline Co. of America (NGPL), Guardian Pipeline (Guardian) and

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Northern Border Pipeline (NBPL) allow access to gas supplies located in the U.S. and Canada. Arrangements with Firm Citygate Supplies (FCS) provide IPL with gas delivered directly to its service territory. In 2012, the maximum daily delivery capacity for IPL and WPL was as follows in dekatherms (Dths)):

	NNG	ANR	NGPL	FCS	Guardian	NBPL	Total
IPL	191,669	43,180	78,585	14,000	—	4,085	331,519
WPL	76,056	167,467	—	—	10,000	—	253,523

Refer to Note 1(h) for information relating to utility natural gas cost recovery mechanisms and Note 13(b) for discussion of natural gas commitments in the "Combined Notes to Consolidated Financial Statements."

Gas Environmental Matters - Alliant Energy is subject to extensive environmental laws and regulations at a federal, state and local level relating to the protection of the environment and health and safety matters, including remediation of former manufactured gas plant sites, as well as those governing air emissions, water discharges, and the management, storage and disposal of hazardous materials. The laws impacting Alliant Energy's gas operations include, but are not limited to, the Safe Drinking Water Act; Clean Water Act; National Environmental Policy Act of 1969; Toxic Substances Control Act; Resource Conservation and Recovery Act; Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act and Emergency Planning and Community Right-to-Know Act of 1986; Endangered Species Act; Occupational Safety and Health Act; National Energy Policy Act, as amended; Federal Insecticide, Fungicide and Rodenticide Act; Hazardous Materials Transportation Act; Pollution Prevention Act, and Department of Homeland Security Appropriations Act, as well as similar state laws, and regulations promulgated thereunder. Alliant Energy regularly obtains federal, state and local permits to assure compliance with environmental protection laws and regulations. Costs associated with such compliance have increased in recent years and are expected to continue to increase in the future. Alliant Energy anticipates that prudently incurred compliance and remediation costs for IPL and WPL will be recoverable, in whole or part, through future rate case proceedings. Refer to Note 13(e) of the "Combined Notes to Consolidated Financial Statements" for discussion of gas environmental matters.

Alliant Energy Corporation Gas Operating Information	2012	2011	2010	2009	2008
Operating Revenues (in millions):					
Residential	$224.3	$269.7	$273.7	$290.8	$385.0
Commercial	124.3	155.1	154.2	174.7	240.5
Industrial	16.7	24.5	27.3	30.7	51.1
Retail subtotal	365.3	449.3	455.2	496.2	676.6
Transportation/other	31.0	27.4	25.4	29.1	33.8
Total	$396.3	$476.7	$480.6	$525.3	$710.4
Gas Sales (000s Dths):					
Residential	23,071	26,891	27,128	27,711	30,630
Commercial	17,115	19,271	18,691	20,725	22,461
Industrial	3,068	3,848	4,158	4,558	5,558
Retail subtotal	43,254	50,010	49,977	52,994	58,649
Transportation/other	57,532	52,210	50,408	54,518	60,626
Total	100,786	102,220	100,385	107,512	119,275
Retail Customers at End of Period:					
Residential	368,708	367,497	366,261	365,597	365,193
Commercial	45,684	45,667	45,552	45,641	45,413
Industrial	456	496	549	571	584
Total	414,848	413,660	412,362	411,809	411,190

Other Selected Gas Data:					
Heating degree days (a):					
Cedar Rapids, Iowa (IPL) (normal - 6,794)	5,901	6,745	6,868	7,074	7,636
Madison, Wisconsin (WPL) (normal - 7,089)	5,964	6,992	6,798	7,356	7,714
Revenue per Dth sold to retail customers	$8.45	$8.98	$9.11	$9.36	$11.54
Purchased gas costs per Dth sold to retail customers	$4.94	$5.88	$6.05	$6.47	$8.73

(a) Heating degree days are calculated using a simple average of the high and low temperatures each day compared to a 65 degree base. Normal degree days are calculated using a rolling 20-year average of historical heating degree days.

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Interstate Power and Light Company Gas Operating Information	2012	2011	2010	2009	2008
Operating Revenues (in millions):					
Residential	$126.4	$155.2	$155.6	$168.6	$219.3
Commercial	69.7	87.8	88.4	100.8	137.3
Industrial	12.8	19.0	18.4	25.0	40.4
Retail subtotal	208.9	262.0	262.4	294.4	397.0
Transportation/other	17.8	14.3	11.9	14.4	13.4
Total	$226.7	$276.3	$274.3	$308.8	$410.4
Gas Sales (000s Dths):					
Residential	12,955	15,660	15,923	16,072	18,110
Commercial	9,403	10,677	10,596	11,451	13,099
Industrial	2,435	3,023	2,869	3,787	4,539
Retail subtotal	24,793	29,360	29,388	31,310	35,748
Transportation/other	30,992	27,720	28,071	30,398	34,993
Total	55,785	57,080	57,459	61,708	70,741
Retail Customers at End of Period:					
Residential	207,121	206,964	206,979	206,937	206,866
Commercial	26,439	26,455	26,470	26,545	26,603
Industrial	260	296	343	359	367
Total	233,820	233,715	233,792	233,841	233,836
Other Selected Gas Data:					
Heating degree days (a):					
Cedar Rapids, Iowa (normal - 6,794)	5,901	6,745	6,868	7,074	7,636
Revenue per Dth sold to retail customers	$8.43	$8.92	$8.93	$9.40	$11.11
Purchased gas cost per Dth sold to retail customers	$4.92	$5.96	$6.05	$6.61	$8.50

(a) Heating degree days are calculated using a simple average of the high and low temperatures each day compared to a 65 degree base. Normal degree days are calculated using a rolling 20-year average of historical heating degree days.

Wisconsin Power and Light Company Gas Operating Information	2012	2011	2010	2009	2008
Operating Revenues (in millions):					
Residential	$97.9	$114.5	$118.1	$122.2	$165.7
Commercial	54.6	67.3	65.8	73.9	103.2
Industrial	3.9	5.5	8.9	5.7	10.7
Retail subtotal	156.4	187.3	192.8	201.8	279.6
Transportation/other	13.2	13.1	13.5	14.7	20.4
Total	$169.6	$200.4	$206.3	$216.5	$300.0
Gas Sales (000s Dths):					
Residential	10,116	11,231	11,205	11,639	12,520
Commercial	7,712	8,594	8,095	9,274	9,362
Industrial	633	825	1,289	771	1,019
Retail subtotal	18,461	20,650	20,589	21,684	22,901
Transportation/other	26,540	24,490	22,337	24,120	25,633
Total	45,001	45,140	42,926	45,804	48,534
Retail Customers at End of Period:					
Residential	161,587	160,533	159,282	158,660	158,327

Commercial	19,245	19,212	19,082	19,096	18,810
Industrial	196	200	206	212	217
Total	181,028	179,945	178,570	177,968	177,354
Other Selected Gas Data:					
Heating degree days (a):					
Madison, Wisconsin (normal - 7,089)	5,964	6,992	6,798	7,356	7,714
Revenue per Dth sold to retail customers	$8.47	$9.07	$9.36	$9.31	$12.21
Purchased gas cost per Dth sold to retail customers	$4.97	$5.77	$6.06	$6.28	$9.08

(a) Heating degree days are calculated using a simple average of the high and low temperatures each day compared to a 65 degree base. Normal degree days are calculated using a rolling 20-year average of historical heating degree days.

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3) OTHER UTILITY OPERATIONS - STEAM - IPL's Prairie Creek Generating Station is the primary source of steam for IPL's two high-pressure steam customers. IPL's largest high-pressure steam customer accounts for approximately 95% of IPL's steam revenues. This customer is under contract through 2025 for annual steam usage of at least 3.8 million Dths, with certain conditions. IPL's other high-pressure steam customer is under contract through 2025 for annual steam usage of at least 190,000 Dths, with certain conditions.

D. INFORMATION RELATING TO NON-REGULATED OPERATIONS

Resources manages a portfolio of wholly-owned subsidiaries and additional investments through the following distinct platforms:

Transportation - includes a short-line railway that provides freight service between Cedar Rapids, Iowa and Iowa City, Iowa; a barge terminal and hauling services on the Mississippi River; and other transfer and storage services.

Non-regulated Generation - owns the 300 MW, simple-cycle, natural gas-fired Sheboygan Falls Energy Facility near Sheboygan Falls, Wisconsin, which is leased to WPL for an initial period of 20 years ending in 2025, and the 100 MW Franklin County wind project in Franklin County, Iowa, which was placed in service in the fourth quarter of 2012.

Other non-regulated investments - include the Whiting Petroleum Corporation (Whiting) tax sharing agreement receivable discussed in Note 4(b) of the "Combined Notes to Consolidated Financial Statements," real estate investments, two corporate airplanes and several other modest investments.

ITEM 1A. RISK FACTORS

You should carefully consider each of the risks described below relating to Alliant Energy, IPL and WPL, together with all of the other information contained in this combined Annual Report on Form 10-K, before making an investment decision with respect to our securities. If any of the following risks develop into actual events, our business, financial condition or results of operations could be materially and adversely affected and you may lose all or part of your investment.

Our business is significantly impacted by government regulation and legislation - We are subject to extensive regulation by federal and state regulatory authorities, which significantly influences our operations and our ability to timely recover costs from customers and earn appropriate rates of return. In particular, regulatory authorities with jurisdiction over public utilities, including the IUB, the PSCW, the MPUC and FERC, regulate many aspects of our operations. Our operations are also governed by organizations such as the North American Electric Reliability Corporation and MISO. Operations impacted by these regulatory groups include: the rates charged to our customers; our ability to site and construct new generating facilities, such as the proposed natural gas generating facility in Iowa and future wind projects to utilize our remaining available wind sites, and the amount of costs associated therewith that may be recovered from customers; the installation of environmental emission controls equipment and the amount of costs for the construction and maintenance of such equipment that may be recovered from customers; our ability to decommission generating facilities and recover the costs incurred to decommission the facilities and the remaining carrying value of such facilities; the amount of certain sources of energy we must use, such as renewable sources and reductions in energy usage by customers; our ability to purchase generating facilities and the amount of costs associated therewith that may be recovered from customers; the rates paid to transmission operators and the amount of those costs, and how those costs, are recovered from customers; our ability to enter into purchased power agreements, such as the purchased power agreement entered into with NextEra Energy, Inc., and the amount of costs associated therewith, and how those costs are recovered from customers; energy capacity standards and what forms of energy are

considered when determining whether we meet those standards; the allocation of expenditures by transmission companies on transmission upgrades and our ability to recover costs associated therewith from customers; safety; the issuance of securities; accounting matters; and transactions between affiliates. These regulatory authorities are also empowered to impose financial penalties and other sanctions if we are found to have violated statutes and regulations governing utility operations. Failure to obtain approvals from regulatory authorities for any of these matters, failure to receive approvals in a timely manner, or receiving approvals with uneconomical conditions may adversely impact our ability to achieve our strategic plan, cause us to record an impairment of our assets, and have a material adverse impact on our financial condition and results of operations.

In addition, our utility financial condition is influenced by how these regulatory authorities establish the rates we can charge our customers, our authorized rates of return and common equity levels, and the amount of deferred costs that may be recovered from customers. Our ability to obtain rate adjustments to earn authorized rates of return depends upon timely regulatory action under applicable statutes and regulations, and we cannot assure that rate adjustments will be obtained or

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authorized rates of return on capital will be earned. In pending and future rate cases, IPL and WPL may not receive an adequate amount of rate relief, rates may be reduced, rate refunds may be required, rate adjustments may not be approved on a timely basis, costs may not be otherwise recovered through rates, future rates may be temporarily frozen (as is the case for IPL's retail electric base rates through 2013 and WPL's retail electric and gas base rates through 2014) and authorized rates of return on capital may be reduced. As a result, we may experience adverse impacts on our financial condition and results of operations. We are unable to predict the impact on our business and operating results from future regulatory activities of any of these agencies.

We are subject to a wide variety of regulations, including and in addition to those described above, which are constantly changing. Changes in regulations or the imposition of additional regulations may require us to incur additional costs or change business operations or our business plan, which may have an adverse impact on our financial condition and results of operations. While we believe we comply with all laws and regulations governing us, state or federal agencies may not agree and may find that our compliance programs are inadequate. Such a finding could cause fines or penalties or could require us to implement new compliance programs, which could increase our costs of compliance and may adversely impact our financial condition.

Provisions of the Wisconsin Utility Holding Company Act (WUHCA) limit our ability to invest in non-utility activities. Takeover attempts by potential purchasers who might be willing to pay a premium for our stock are also limited by certain provisions of WUHCA and the delays and conditions that generally result from the requirement that regulatory authorities approve such a transaction.

Large construction projects are subject to delays and cost increases that may not be recovered from customers - Our strategic plan includes installing environmental control equipment, making other large-scale improvements to our newer and more-efficient coal-fired generating facilities, and construction of a natural gas-fired generating facility. These large construction projects are subject to various risks that could cause costs to increase or cause delays in completion. These risks include changes in costs of materials, equipment, commodities, fuel or labor; shortages in materials, equipment and qualified labor; changes to the scope or timing of the projects; general contractors or subcontractors not performing as required under their contracts; the inability to agree to contract terms or disputes in contract terms; poor initial cost estimates; work stoppages; adverse weather conditions; the inability to obtain necessary permits in a timely manner; adverse interpretation or enforcement of permit conditions; changes in applicable laws or regulations; governmental actions; legal action; unforeseen engineering or technology issues; limited access to capital and other adverse economic conditions. If a construction project is not completed or is delayed, or final costs exceed the costs approved by our regulators, we may not be able to recover all costs for the project in rates and we face increased risk of potential impairment of our investment in the project. Inability to recover costs, or inability to complete the project in a timely manner, could adversely impact our financial condition and results of operations.

We are subject to numerous environmental laws and regulations, compliance with which could be difficult and costly - We are subject to environmental laws and regulations that affect many aspects of our past, present and future operations. These regulations govern air emissions, water quality, cooling water intake structures, wastewater discharges, the generation, transport and disposal of coal combustion products and other solid wastes and hazardous substances, and the clean-up of contaminated sites. These laws and regulations require us to obtain and comply with a wide variety of environmental registrations, licenses, permits, inspections and other approvals, which are subject to renewal proceedings and legal challenges. Environmental laws and regulations can also require us to restrict or limit the output of certain facilities or the use of certain fuels, to install emission control equipment at our facilities, clean up spills and correct environmental hazards and other contamination. We may be required to pay all or a portion of the cost to remediate (i.e., clean-up) sites where our past activities, or the activities of certain other parties, caused environmental contamination, including sites of former manufactured gas plants operated by our predecessors.

Compliance with these regulations can significantly increase capital spending, operating costs, and plant down-times and can negatively affect the affordability of rates we charge our customers. We cannot predict with certainty the amount and timing of all future expenditures (including the potential or magnitude of any fines or penalties, including the severity of any restriction on our operations) necessary to comply with, or as a result of liabilities under, these environmental laws and regulations, although we expect the expenditures to be material.

Although we believe we comply in all material respects with applicable environmental laws and regulations, we may receive notices of violation from state or federal agencies, as occurred when the EPA issued a notice of violation to WPL in 2009 alleging non-compliance with various permitting requirements under the Clean Air Act. Citizen groups or private individuals that feel environmental regulations are not being sufficiently enforced by regulatory agencies may bring legal action against those regulatory agencies or bring citizen enforcement actions against us. We may be subject to litigation over environmental issues, including claims for property damage or personal injury, or suits by citizen groups alleging violations of

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environmental requirements. For example, WPL is currently involved in matters in which the Sierra Club is alleging various violations of the Clean Air Act. If we are unsuccessful defending litigation from governmental agencies or citizen groups, we could be subject to restrictions or prohibitions on operating our generation facilities, costly upgrades to our generating facilities, payment of damages or fines, requirements to complete other beneficial environmental projects, and litigation costs, all of which could be material. An adverse result in such legal actions could have a material adverse impact on our financial condition and results of operations.

We are also subject to existing and potential future governmental mandates to provide customers with clean energy, renewable energy and energy conservation offerings. These mandates are designed in part to mitigate the potential environmental impacts of utility operations. Failure to meet the requirements of these mandates may result in fines or penalties, which could have a material adverse effect on our results of operations. If our regulators do not allow us to recover all or a part of the costs incurred to comply with the mandates, it could have a material adverse effect on our results of operations.

Existing environmental laws or regulations may be revised and new laws or regulations seeking to protect the environment may be adopted or become applicable to us. These revised and new laws or regulations may include regulation of mercury, nitrogen oxide, sulfur dioxide, carbon dioxide (CO2) and other greenhouse gas emissions, particulates, coal ash and other coal combustion products, and cooling water intake structures. Such changes could materially increase our cost of compliance. Our strategic plan was developed in part to comply with certain expected environmental laws and regulations as we anticipate they will be finally adopted. Revision of existing environmental laws or regulations may cause: (1) state utility commissions to not approve our plans to install environmental emission control equipment at our existing generating facilities or not allow us to recover costs of such projects; (2) state utility commissions to not approve costs of emission allowances purchased to comply with environmental regulations that are no longer applicable to our operations; (3) co-owners in our jointly-owned facilities to not agree with our decision to move forward with these projects; or (4) our current plans to not meet new requirements. These outcomes could have a material adverse effect on our financial condition and results of operations.

Actions related to global climate change and reducing greenhouse gases (GHG) emissions could negatively impact us - The primary GHG emitted from our utility operations is CO2 from combustion of fossil fuels at our generating facilities, which are primarily coal-fired facilities. We could incur costs or other obligations to comply with any GHG regulations that are adopted in the future, and could become the target of legal claims or challenges, because generating electricity using fossil fuels emits CO2 and other GHGs. Due to the uncertainty of what form CO2 emissions regulations could take, control technologies available to reduce GHG emissions, including CO2, and the unknown nature of potential compliance obligations should climate change regulations be enacted, we cannot provide any assurance regarding the potential impacts any future regulations would have on our operations. The impacts of such proposals could have a material adverse impact on our financial condition and results of operations.

Demand for energy may decrease - Adverse economic conditions in our service territories, such as the most recent recession, reduce the demand for electricity and natural gas. We lost certain customers after plants closed due to the most recent recession and could lose additional customers due to economic conditions, customers constructing their own generation facilities, or loss of service territory or franchises. Further, the energy conservation and technological advances that increase energy efficiency may temporarily or permanently reduce the demand for energy products. In addition, state and/or federal regulations require mandatory conservation measures, which would reduce the demand for energy. We may also lose wholesale customers to competitors. Future economic growth may not create enough growth for us to replace the lost energy demand from these customers. The loss of customers, the inability to replace those customers with new customers, and the decrease in demand for energy could negatively impact our financial condition and results of operations.

Our operating results may fluctuate on a seasonal and quarterly basis and can be adversely affected by the impacts of weather - Our electric and gas utility businesses are seasonal businesses and weather patterns can have a material impact on their operating performance. Demand for electricity is greater in the summer months associated with higher air conditioning needs. In addition, market prices for electricity generally peak in the summer due to the higher demand. Conversely, demand for natural gas depends significantly upon weather patterns in winter months due to heavy use in residential and commercial heating. As a result, our overall operating results in the future may fluctuate substantially on a seasonal basis. In addition, we have historically generated less revenues and income when weather conditions are warmer in the winter and cooler in the summer. Thus, unusually mild winters and summers could have an adverse effect on our financial condition and results of operations.

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Threats of terrorism, cyber attacks, and catastrophic events that could result from terrorism and cyber attacks may impact our operations in unpredictable ways - We are subject to direct and indirect effects of terrorist threats and activities. Generation and transmission facilities, in general, have been identified as potential targets of both physical and cyber attacks. The risks posed by such attacks could include, among other things, the disruption of, volatility in, or other effects on capital markets, the increased cost of security and insurance; an adverse effect on our ability to generate, purchase or distribute electric energy or obtain fuel sources, and significantly slow growth or a decline in the economy within our service territories, all of which could adversely impact our financial condition and results of operations. In addition, the cost of repairing damage to our generating facilities and infrastructure due to acts of terrorism, and the loss of revenue if such events prevent us from providing utility service to our customers, could adversely impact our financial condition and results of operations. Further, an attack could result in the unauthorized disclosure of confidential information. We operate in a highly regulated industry that requires the continued operation of sophisticated information technology systems and network infrastructure. We have instituted safeguards to protect our operational systems and information technology assets. FERC, through the North American Electric Reliability Corporation, requires certain safeguards be implemented to prevent cyber attacks. The safeguards we have may not always be effective due to the evolving nature of cyber attacks and cyber security. We cannot guarantee that such protections will be completely successful in the event of a cyber attack. If the technology systems were to fail or be breached by a cyber attack or a computer virus, and not be recovered in a timely fashion, we may be unable to fulfill critical business functions and confidential data could be compromised.

In connection with our business, we collect and retain personally identifiable information of our customers, shareowners and employees. Our customers, shareowners and employees expect that we will adequately protect their personal information, and the regulatory environment surrounding information security and privacy is increasingly demanding. A significant theft, loss or fraudulent use of customer, shareowner, employee or other data by cyber attack or otherwise could result in significant costs, fines or litigation, could adversely impact our reputation, and could adversely impact our financial condition.

We may not be able to fully recover costs related to commodity and transmission prices - The prices that we may obtain for electric energy may not compensate for changes in delivered coal, natural gas or electric energy spot-market costs, or changes in the relationship between such costs and the market prices of electric energy. As a result, we may be unable to pass on the changes in costs to our customers, especially at WPL where we do not have a retail electric automatic fuel cost adjustment clause, which allows more consistent and timely cost recovery. We are heavily exposed to changes in the price and availability of coal because the majority of the electricity generated by us is from our coal-fired generating facilities. We have contracts of varying durations for the supply and transportation of coal for most of our existing generating capability, but as these contracts end or otherwise are not honored, we may not be able to purchase coal on terms as favorable as the current contracts. Further, we currently rely on coal primarily from the Powder River Basin in Wyoming and any disruption of coal production in, or transportation from, that region may cause us to incur additional costs and adversely affect our financial condition and results of operations.

We also have responsibility to supply natural gas to certain natural gas-fired electric generating facilities that we own, which increases our exposure to volatile market prices of natural gas. We have natural gas supply contracts in place, which are generally short-term in duration. The natural gas supply commitments are either fixed price in nature or market-based. As some of the contracts are market-based, and all of the contracts are short-term, we may not be able to purchase natural gas on terms as favorable as the current contracts when the current contracts expire. Further, any disruption of production or transportation of natural gas may cause us to incur additional costs to purchase natural gas that may adversely impact our financial condition and results of operations.

Both IPL and WPL pay for the use of the interstate electric transmission system based upon FERC-regulated rates. The prices that we charge for electric energy may not compensate for changes in transmission costs. As a result, we

may be unable to pass on the changes in transmission costs to our customers, especially at WPL where we do not have a retail automatic transmission rider. If the transmission rider at IPL is amended or removed, we may not be able to recover the full transmission costs. Inability to fully recover transmission costs in a timely manner may adversely impact our financial condition and results of operations.

We face risks related to non-regulated operations - We rely on our non-regulated operations for a portion of our earnings. If our non-regulated investments do not perform at expected levels, we could experience diminished earnings. In particular, Franklin County Wind LLC is a non-regulated subsidiary that operates a non-regulated 100 MW wind project in Franklin County, Iowa, referred to as the Franklin County wind project. The Franklin County wind project does not currently have a buyer of its electrical output and its electrical output is being sold into the general market at prevailing market prices. Failure to find a buyer for the output, or selling the output at disadvantageous market prices, may cause the project to lose money or

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cause an impairment of its assets. Such losses or impairments could adversely impact our financial condition and results of operations.

We are dependent on the capital markets and could be negatively impacted by disruptions in the capital markets - Successful implementation of our strategic plan and other long-term business strategies is dependent upon our ability to access the capital markets under competitive terms and rates. We have forecasted capital expenditures of approximately $3.5 billion over the next four years. In 2011, Standard & Poor's Ratings Services lowered its long-term sovereign credit rating on the U.S. More recently, U.S. debt ceiling and fiscal policy concerns, together with continued signs of deteriorating sovereign debt conditions in Europe, could adversely affect the U.S. and global financial markets and economic conditions. In turn, any national economic downturn or disruption of financial markets could reduce our access to capital necessary to execute our strategic plan and for our operations as we may be unable to access the credit markets or may face significantly higher costs of borrowing. We rely on our strong credit ratings to access the credit markets. If our credit ratings are downgraded for any reason, we could pay higher interest rates in future financings, the pool of potential lenders could be reduced, borrowing costs under existing credit facilities could increase, our access to the commercial paper market could be limited, or we could be required to provide additional credit assurance, including cash collateral, to contract counterparties. If our access to capital were to become significantly constrained or costs of capital increased significantly due to lowered credit ratings, prevailing industry conditions, regulatory constraints, the volatility of the capital markets or other factors, our financial condition and results of operations could be significantly adversely affected.

We are subject to employee workforce factors that could affect our businesses - We are subject to employee workforce factors, including loss or retirement of key personnel, availability of and our ability to recruit qualified personnel that could affect our businesses and our financial condition and results of operations. Further, our workforce includes employees who are nearing retirement. We need employees with specialized and technical skills in order to achieve our strategic plan. It may be difficult to retain current employees with these specialized skills, especially as they near retirement, and it may be difficult to find new employees with the necessary skills. We are also subject to collective bargaining agreements with approximately 2,200 employees. Our contract with one union representing over 700 of our employees is due to expire in August 2013. Any work stoppage experienced in connections with negotiations of collective bargaining agreements could adversely affect our financial condition and our ability to implement our strategic plan.

We face risks associated with operating electric and natural gas infrastructure - The operation of electric generating facilities involves many risks, including start-up risks, breakdown or failure of equipment, the dependence on a specific fuel source, including the supply and transportation of fuel, the risk of performance below expected or contracted levels of output or efficiency, operator error and compliance with mandatory reliability standards. The operation of our energy delivery infrastructure involves many risks including breakdown or failure of equipment and forest or prairie fires developing from vegetation around our power lines. In addition, the North American transmission grid is highly interconnected and, in extraordinary circumstances, disruptions at particular points within the grid could cause an extensive power outage in our delivery systems. Further, the transmission system in our utilities' service territories is constrained, limiting the ability to transmit electric energy within our service territories. The transmission constraints could result in an inability to deliver energy from generating facilities, particularly wind generating facilities, to the national grid, or not being able to access lower cost sources of electric energy. We also have obligations to provide electrical service under regulatory requirements and contractual commitments. Failure to meet our service obligations could adversely impact our financial condition and results of operations.

The operation of our natural gas distribution activities also involves many risks, such as leaks, explosions and mechanical problems, which could cause substantial financial losses. These risks could result in loss of human life, particularly in highly populated areas, significant damage to property, environmental emissions, impairment of our

operations and substantial losses to us. We are also responsible for compliance with new and changing mandatory reliability and safety standards. Failure to meet these standards could result in substantial fines. We also have obligations to provide service under regulatory requirements and contractual commitments. Failure to meet our service obligations could adversely impact our financial condition and results of operations.

Storms or other natural disasters may impact our operations in unpredictable ways - Storms and other natural disasters, including events such as floods, tornadoes, blizzards, ice storms, or droughts may adversely impact our ability to generate, purchase or distribute electric energy or obtain fuel sources and may significantly slow growth or cause a decline in the economy within our service territories. Storms and natural disasters may prevent our customers from being able to operate, causing lower sales and revenues, which may not be replaced or recovered in rates. In addition, we could incur large costs to repair damage to our generating facilities and infrastructure, or costs related to environmental remediation, due to storms or natural disasters. The restoration costs may not be fully covered by insurance policies. Damage to assets could also require

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us to take impairments, such as occurred with our damaged Sixth Street Generating Station after a flood. Some costs may not be recovered in rates, or there could be significant delays in cost recovery. Any of these items could adversely affect our financial condition and results of operations.

We may incur material post-closing adjustments related to past asset and business divestitures - We recently sold RMT, Inc. (RMT), a non-regulated subsidiary. Pursuant to the terms of that sale, we may face unfavorable post-closing adjustments that could be material. In addition, we might be required to make payments on liabilities that we retained pursuant to the terms of the sale. In addition, Alliant Energy continues to guarantee RMT's performance obligations related to certain of RMT's projects that were commenced prior to Alliant Energy's sale of RMT. Required material post-closing adjustments or payments on retained liabilities or guarantees with respect to RMT or other future asset or business divestitures could have an adverse effect on our financial condition and results of operations.

We are subject to limitations on our ability to pay dividends - Alliant Energy is a holding company with no significant operations of its own. Accordingly, the primary sources of funds for Alliant Energy to pay dividends to its shareowners are dividends and distributions from its subsidiaries, primarily its utility subsidiaries. Our subsidiaries are separate and distinct legal entities and have no obligation to pay any amounts to us, whether by dividends, loans or other payments. The ability of our subsidiaries to pay dividends or make distributions to us and, accordingly, our ability to pay dividends on Alliant Energy common stock will depend on regulatory limitations and the earnings, cash flows, capital requirements and general financial condition of our subsidiaries. Our utilities each have dividend payment restrictions based on the terms of their outstanding preferred stock and regulatory limitations applicable to them. If we do not receive adequate dividends and distributions from our subsidiaries, then we may not be able to make, or may have to reduce, dividend payments on Alliant Energy common stock.

Changes to certain tax elections, tax regulations and future taxable income could negatively impact our financial condition and results of operations - We have significantly reduced our federal and state income tax obligations for the past few years through tax planning strategies. These tax planning strategies have generated large annual taxable losses and tax credits over the past few years that have resulted in significant federal and state net operating losses (NOL) and federal tax credit carryforwards. We plan to utilize these NOL and tax credit carryforwards in the future to reduce our income tax obligations. If we cannot generate enough taxable income in the future to utilize all of the NOL and tax credit carryforwards before they expire, we may incur material charges to earnings. If the Internal Revenue Service (IRS) does not agree with the deductions resulting from our tax planning strategies, our results of operations may be adversely impacted. We are also expecting the IRS will publish guidance in the future which may compel us to change our tax methods of accounting related to certain of these tax planning strategies. Changes in our tax methods of accounting to comply with updated guidance could result in fewer deductions and material charges to our earnings due to the accounting impacts of rate making practices in Iowa, which could adversely impact our financial condition and results of operations.

Our utility business currently operates wind generating facilities which generate material production tax credits for us to use to reduce our federal tax obligations. The amount of production tax credits we earn is dependent on the level of electricity output generated by our wind projects. Significant transmission constraints, adverse weather conditions and breakdown or failure of equipment could significantly reduce the production tax credits generated by our wind projects resulting in a material adverse impact on our financial condition and results of operations.

Lastly, if corporate tax rates were changed with future federal or state legislation, we may be required to take material charges against earnings.

Poor performance of pension and other postretirement plan investments could negatively impact our financial condition - We have pension and other postretirement benefits plans that provide benefits to a large portion of our

employees and retirees. Costs of providing benefits and related funding requirements of these plans are subject to changes in the market value of the assets that fund the plans. The funded status of the plans and the related costs reflected in our financial statements are affected by various factors that are subject to an inherent degree of uncertainty, particularly in the current economic environment. The recent recession and volatility in the domestic and international financial markets have affected the asset values of our pension plans. Future losses of asset values may necessitate accelerated funding of the plans in the future to meet minimum federal government requirements. Downward pressure on the asset values of our pension plans may require us to fund obligations earlier than originally planned, which would have an adverse impact on our financial condition and results of operations.

Energy industry changes could have a negative effect on our businesses - We operate in a highly regulated business environment. The advent of new and unregulated markets has the potential to significantly impact our financial condition

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and results of operations. The evolution of the wholesale and transmission markets has the potential to significantly increase costs of transmission, costs associated with inefficient generation dispatching, costs of participation in the new markets and costs stemming from estimated payment settlements. Competitive pressures, including advances in technology that reduce the costs of alternative methods of producing electric energy to a level that is competitive with that of current electric production methods, could result in our utilities losing market share and customers and incurring stranded costs (i.e., assets and other costs rendered unrecoverable through customer rates as a result of competitive pricing), which would be borne by our shareowners. Increased competition from any restructuring efforts in our primary retail electric service territories may have a significant adverse impact on our financial condition and results of operations.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

IPL - At December 31, 2012, IPL's electric generating facilities by primary fuel type were as follows. Generating capacity is based upon the capacity of the generating stations included in MISO's resource adequacy process for the planning period from June 2012 to May 2013.

Name of Generating Facility	Location	No. Of Units	In-service Dates	Primary Dispatch Type (a)	Generating Capacity in MW		
Ottumwa Generating Station (Unit 1)	Ottumwa, IA	1	1981	BL	294	(b)	
Lansing Generating Station (Units 3-4)	Lansing, IA	2	1957-1977	BL	221	(c)	(d)
M.L. Kapp Generating Station (Unit 2)	Clinton, IA	1	1967	BL	179		
Burlington Generating Station (Unit 1)	Burlington, IA	1	1968	BL	171		
George Neal Generating Station (Unit 4)	Sioux City, IA	1	1979	BL	160	(e)	
George Neal Generating Station (Unit 3)	Sioux City, IA	1	1975	BL	130	(f)	
Prairie Creek Generating Station (Units 1,3,4)	Cedar Rapids, IA	3	1958-1997	BL	120		
Louisa Generating Station (Unit 1)	Louisa, IA	1	1983	BL	29	(g)	
Total Coal							1,304
Emery Generating Station (Units 1-3)	Mason City, IA	3	2004	IN	499		
Fox Lake Generating Station (Units 1,3)	Sherburn, MN	2	1950-1962	IN	70	(c)	(d)
Sutherland Generating Station (Units 1,3)	Marshalltown, IA	2	1955-1961	IN	79	(d)	
Dubuque Generating Station (Units 3-4)	Dubuque, IA	2	1952-1959	IN	57	(d)	
Burlington Combustion Turbines (Units 1-4)	Burlington, IA	4	1994-1996	PK	62	(d)	
Grinnell Combustion Turbines (Units 1-2)	Grinnell, IA	2	1990-1991	PK	40	(d)	
Red Cedar Combustion Turbine (Unit 1)	Cedar Rapids, IA	1	1996	PK	13		
Total Gas							820
Marshalltown Combustion Turbines (Units 1-3)	Marshalltown, IA	3	1978	PK	162		
Lime Creek Combustion Turbines (Units 1-2)	Mason City, IA	2	1991	PK	38		
Centerville Combustion Turbines (Units 1-2)	Centerville, IA	2	1990	PK	29	(d)	
Diesel Stations	Iowa and Minnesota	9	1963-1996	PK	13	(d)	

Total Oil							242
Whispering Willow - East	Franklin Co., IA	121	2009	IN	—	(h)	
Total Wind							—
Total generating capacity							2,366

(a) Base load units (BL) are designed for nearly continuous operation at or near full capacity to provide the system base load. Intermediate units (IN) follow system load changes with frequent starts and curtailments of output during low demand. Peaking units (PK) are generally low efficiency, quick response units run only when there is high demand.

(b) Represents IPL's 48% ownership interest in this 613 MW generating station, which is operated by IPL.

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(c) Capacity testing required by MISO's resource adequacy process was not able to be completed for Lansing Generating Station Unit 3 and Fox Lake Generating Station Unit 1 resulting in no capacity being credited to these units for the planning period from June 2012 to May 2013.

(d) Refer to "Strategic Overview - Generation Plans - Coal-Fired Generation - Plant Retirements or Fuel Switching" in MDA for discussion of EGUs that may be retired in the next five years.

(e) Represents IPL's 25.695% ownership interest in this 623 MW generating station, which is operated by MidAmerican Energy Company (MidAmerican).

(f) Represents IPL's 28% ownership interest in this 464 MW generating station, which is operated by MidAmerican.

(g) Represents IPL's 4% ownership interest in this 725 MW generating station, which is operated by MidAmerican.

(h) Represents 0% of the capacity of this 200 MW wind project based upon the MISO resource adequacy process, which is determined separately for each wind site, during the planning period from June 2012 to May 2013. The 0% allocation resulted from the lack of firm transmission at this wind site during the planning period from June 2012 to May 2013.

At December 31, 2012, IPL owned approximately 19,728 miles of overhead electric distribution line and 2,777 miles of underground electric distribution cable, as well as 712 substation distribution transformers, substantially all of which are located in Iowa and Minnesota. IPL sold its electric transmission assets in 2007. IPL's gas properties consist primarily of mains and services, meters, regulating and gate stations and other related distribution equipment. At December 31, 2012, IPL's gas distribution facilities included approximately 5,034 miles and 237 miles of gas mains located in Iowa and Minnesota, respectively. IPL's other property included in "Other plant in service" on its Consolidated Balance Sheets consists primarily of operating and storeroom facilities, vehicles, computer hardware and software, communication equipment and other miscellaneous tools and equipment.

WPL - At December 31, 2012, WPL's electric generating facilities by primary fuel type were as follows. Generating capacity is based upon the capacity of the generating stations included in MISO's resource adequacy process for the planning period from June 2012 to May 2013.

Name of Generating Facility	Location	No. Of Units	In-service Dates	Primary Dispatch Type (a)	Generating Capacity in MW		
Columbia Energy Center (Units 1-2)	Portage, WI	2	1975-1978	BL	482	(b)	
Edgewater Generating Station (Unit 5)	Sheboygan, WI	1	1985	BL	399		
Edgewater Generating Station (Unit 4)	Sheboygan, WI	1	1969	BL	204	(c)	(d)
Nelson Dewey Generating Station (Units 1-2)	Cassville, WI	2	1959-1962	IN	193	(d)	
Edgewater Generating Station (Unit 3)	Sheboygan, WI	1	1951	IN	70	(d)	
Total Coal							1,348
Riverside Energy Center (Units 1-3)	Beloit, WI	3	2004	IN	572	(e)	
Neenah Energy Facility (Units 1-2)	Neenah, WI	2	2000	PK	295		
South Fond du Lac Combustion Turbines	Fond du Lac, WI	2	1994	PK	149	(f)	
Rock River Combustion Turbines (Units 3-6)	Beloit, WI	4	1967-1972	PK	134		
Sheepskin Combustion Turbine (Unit 1)	Edgerton, WI	1	1971	PK	33		
Total Gas							1,183
Cedar Ridge	Fond du Lac Co., WI	41	2008	IN	7	(g)	
Bent Tree - Phase I	Freeborn Co., MN	77	2010-2011	IN	—	(h)	
Total Wind							7
Prairie du Sac Hydro Plant	Prairie du Sac, WI	8	1914-1940	IN	—	(i)	
Kilbourn Hydro Plant	Wisconsin Dells, WI	4	1926-1939	IN	—	(i)	

Total Hydro	—
Total generating capacity	2,538

BL are designed for nearly continuous operation at or near full capacity to provide the system base load. IN follow
(a) system load changes with frequent starts and curtailments of output during low demand. PK are generally low efficiency, quick response units run only when there is high demand.
(b) Represents WPL's 46.2% ownership interest in this 1,043 MW generating station, which is operated by WPL.
(c) Represents WPL's 68.2% ownership interest in this 299 MW generating station, which is operated by WPL.
(d) Refer to "Strategic Overview - Generation Plans - Coal-Fired Generation - Plant Retirements or Fuel Switching" in MDA for discussion of EGUs that may be retired or changed from coal-fired to an alternative fuel source in the next five years.

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(e) In December 2012, WPL purchased Riverside, a 600 MW natural gas-fired electric generating facility. WPL was credited 572 MW of capacity for this facility during the period from February 2013 to May 2013 based upon the MISO resource adequacy process. WPL is utilizing 497 MW of the accredited capacity from Riverside to satisfy its PRM requirements and has sold 75 MW of the accredited capacity to a third-party with a PPA.

(f) Represents Units 2 and 3, which WPL owns. WPL also operates South Fond du Lac Combustion Turbines Units 1 and 4.

(g) Represents 10% of the capacity of this 68 MW wind project based upon the MISO resource adequacy process, which is determined separately for each wind site, during the planning period from June 2012 to May 2013.

(h) Represents 0% of the capacity of this 200 MW wind project based upon the MISO resource adequacy process, which is determined separately for each wind site, during the planning period from June 2012 to May 2013. The 0% allocation resulted from the lack of firm transmission at this wind site during the planning period from June 2012 to May 2013.

(i) No capacity was credited to these facilities for the planning period from June 2012 to May 2013. It is expected that the hydro facilities will be credited capacity for the planning period from June 2013 to May 2014.

At December 31, 2012, WPL owned approximately 16,422 miles of overhead electric distribution line and 4,962 miles of underground electric distribution cable, as well as 298 substation distribution transformers, substantially all of which are located in Wisconsin. In 2001, WPL's electric transmission assets were transferred to ATC. WPL's gas properties consist primarily of mains and services, meters, regulating and gate stations and other related distribution equipment. At December 31, 2012, WPL's gas distribution facilities included approximately 4,084 miles of gas mains located in Wisconsin. WPL's other property included in "Other plant in service" on its Consolidated Balance Sheets consists primarily of operating and storeroom facilities, vehicles, computer hardware and software, communication equipment and other miscellaneous tools and equipment. Refer to Note 3(b) of the "Combined Notes to Consolidated Financial Statements" for information regarding WPL's lease of the Sheboygan Falls Energy Facility from Resources' Non-regulated Generation business.

Resources - Resources' principal properties included in "Property, plant and equipment - Non-regulated and other" on Alliant Energy's Consolidated Balance Sheet at December 31, 2012 were as follows:

Non-regulated Generation - includes a 300 MW, simple-cycle, natural gas-fired facility near Sheboygan Falls, Wisconsin that is leased to WPL, and the 100 MW Franklin County wind project in Franklin County, Iowa that was placed in service in the fourth quarter of 2012. The Sheboygan Falls Energy Facility was credited with 282 MW of generating capacity for MISO's resource adequacy process for the planning period from June 2012 to May 2013.

Transportation - includes a short-line railway in Iowa with 114 railroad track miles, 12 active locomotives and 122 railcars; and a barge terminal on the Mississippi River.

Other non-regulated investments - includes two airplanes and real estate investments.

Corporate Services
Corporate Services' property included in "Property, plant and equipment - Non-regulated and other" on Alliant Energy's Consolidated Balance Sheet at December 31, 2012 consisted primarily of computer software and the corporate headquarters building, which was purchased in 2012 at the expiration of the lease term.

ITEM 3. LEGAL PROCEEDINGS

Alliant Energy - None.

IPL - None.

WPL -
Air Permitting Violation Claims - Refer to Note 13(c) of the "Combined Notes to Consolidated Financial Statements" for discussion of air permitting violation claims related to WPL's Edgewater Generating Station, Nelson Dewey Generating Station and Columbia Energy Center.

Environmental Matters
Additional information required by Item 3 with regard to environmental matters is included in "Information Relating to Utility Operations" in Item 1 Business, "Environmental Matters" in MDA and Note 13(e) of the "Combined Notes to Consolidated Financial Statements," which information is incorporated herein by reference.

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Rate Matters

The information required by Item 3 with regard to rate matters is included in "Information Relating to Alliant Energy on a Consolidated Basis - Regulation" and "Information Relating to Utility Operations" in Item 1 Business, Notes 1(b), 1(h) and 2 of the "Combined Notes to Consolidated Financial Statements" and "Rate Matters" in MDA, which information is incorporated herein by reference.

ITEM 4. MINE SAFETY DISCLOSURES

None.

EXECUTIVE OFFICERS OF THE REGISTRANTS

None of the executive officers for Alliant Energy, IPL or WPL listed below are related to any member of the Board of Directors or nominee for director or any other executive officer. All of the executive officers have no definite terms of office and serve at the pleasure of the Board of Directors. The executive officers of Alliant Energy, IPL and WPL as of the date of this filing are as follows (numbers following the names represent the officer's age as of the date of this filing):

Executive Officers of Alliant Energy

Patricia L. Kampling, 53, has served as a director since January 2012, and as Chairman of the Board, President and Chief Executive Officer (CEO) since April 2012. She previously served as President and Chief Operating Officer since February 2011, as Executive Vice President (EVP) and Chief Financial Officer (CFO) from September 2010 to February 2011, as EVP-CFO and Treasurer from January 2010 to September 2010, as Vice President (VP)-CFO and Treasurer from January 2009 to January 2010, and as VP and Treasurer from January 2007 to January 2009.

Thomas L. Aller, 63, was elected Senior VP-Operations Support effective January 2013. He previously served as Senior VP-Energy Resource Development since January 2009 and as Senior VP-Energy Delivery from January 2004 to January 2009.

Thomas L. Hanson, 59, was elected Senior VP and CFO effective January 2013. He previously served as VP and CFO since May 2011, as VP-CFO and Treasurer from February 2011 to May 2011, as VP-Chief Accounting Officer (CAO) and Treasurer from September 2010 to February 2011, and as VP-Controller and CAO from January 2007 to September 2010.

John O. Larsen, 49, was elected Senior VP-Generation effective January 2010. He previously served as VP-Generation since August 2008 and as VP-Technical and Integrated Services from January 2004 to August 2008.

James H. Gallegos, 52, was elected VP and General Counsel effective November 2010. He previously served as VP and Corporate General Counsel of BNSF Railway Company, a subsidiary of Burlington Northern and Santa Fe Corporation from April 2003 to April 2010.

Robert J. Durian, 42, was elected Controller and CAO effective February 2011. He previously served as Controller since September 2010, as Assistant Controller from March 2009 to September 2010 and as Director of Financial Reporting from February 2006 to March 2009.

Executive Officers of IPL

Patricia L. Kampling, 53, has served as a director since January 2012, and as Chairman of the Board and CEO since April 2012.

Thomas L. Aller, 63, was elected President effective January 2004.

Thomas L. Hanson, 59, was elected Senior VP and CFO effective January 2013.

John O. Larsen, 49, was elected Senior VP-Generation effective January 2010.

James H. Gallegos, 52, was elected VP and General Counsel effective November 2010.

Robert J. Durian, 42, was elected Controller and CAO effective February 2011.

Executive Officers of WPL

Patricia L. Kampling, 53, has served as a director since January 2012, and as Chairman of the Board and CEO since April 2012.

John O. Larsen, 49, was elected President effective December 2010.

Thomas L. Aller, 63, was elected Senior VP-Operations Support effective January 2013.

Thomas L. Hanson, 59, was elected Senior VP and CFO effective January 2013.

James H. Gallegos, 52, was elected VP and General Counsel effective November 2010.

Robert J. Durian, 42, was elected Controller and CAO effective February 2011.

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PART II

ITEM 5. MARKET FOR REGISTRANTS' COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Stock Price - Alliant Energy's common stock trades on the New York Stock Exchange under the symbol "LNT." Quarterly sales price ranges and dividends with respect to Alliant Energy's common stock were as follows:

	2012			2011		
Quarter	High	Low	Dividend	High	Low	Dividend
First	$44.57	$41.86	$0.45	$40.68	$36.78	$0.425
Second	46.00	42.00	0.45	42.14	37.84	0.425
Third	47.65	42.95	0.45	42.09	33.91	0.425
Fourth	45.66	42.21	0.45	44.49	36.82	0.425
Year	47.65	41.86	1.80	44.49	33.91	1.70

Stock closing price at December 31, 2012: $43.91

Shareowners - At December 31, 2012, there were 32,374 holders of record of Alliant Energy's common stock, including holders through Alliant Energy's Shareowner Direct Plan. Alliant Energy is the sole common shareowner of all 13,370,788 and 13,236,601 shares of IPL and WPL common stock, respectively, currently outstanding. As a result, there is no established public trading market for the common stock of either IPL or WPL.

Dividends - In November 2012, Alliant Energy announced an increase in its targeted 2013 annual common stock dividend to $1.88 per share, which is equivalent to a quarterly rate of $0.47 share, beginning with the February 15, 2013 dividend payment. The timing and amount of future dividends is subject to an approved dividend declaration from its Board of Directors, and is dependent upon earnings expectations, capital requirements, and general financial business conditions, among other factors.

Alliant Energy does not have any significant common stock dividend restrictions. Refer to Note 7 of the "Combined Notes to Consolidated Financial Statements" for information about IPL's and WPL's dividend restrictions and limitations on distributions to their parent company.

Common Stock Repurchases - A summary of Alliant Energy common stock repurchases for the quarter ended December 31, 2012 was as follows:

Period	Total Number of Shares Purchased (a)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan	Maximum Number (or Approximate Dollar Value) of Shares That May Yet Be Purchased Under the Plan (a)
October 1 to October 31	3,324	$44.40	—	N/A
November 1 to November 30	2,284	42.39	—	N/A
December 1 to December 31	14	44.54	—	N/A
	5,622	43.58	—	

(a) All shares were purchased on the open market and held in a rabbi trust under the Alliant Energy Deferred Compensation Plan (DCP). There is no limit on the number of shares of Alliant Energy common stock that may be held under the DCP, which currently does not have an expiration date.

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ITEM 6. SELECTED FINANCIAL DATA

Financial Information Alliant Energy	2012 (a)	2011 (a)	2010 (a)	2009 (b)	2008
	(dollars in millions, except per share data)				
Income Statement Data:					
Operating revenues	$3,094.5	$3,221.4	$3,262.1	$3,133.2	$3,272.3
Income from continuing operations, net of tax	340.8	341.4	310.2	130.3	284.5
Income (loss) from discontinued operations, net of tax	(5.1)	(19.5)	(3.9)	(0.6)	22.2
Net income	335.7	321.9	306.3	129.7	306.7
Amounts attributable to Alliant Energy common shareowners:					
Income from continuing operations, net of tax	324.9	323.1	291.5	111.6	265.8
Income (loss) from discontinued operations, net of tax	(5.1)	(19.5)	(3.9)	(0.6)	22.2
Net income	319.8	303.6	287.6	111.0	288.0
Common Stock Data:					
Earnings per weighted average common share attributable to Alliant Energy common shareowners (basic and diluted):					
Income from continuing operations, net of tax	$2.93	$2.92	$2.64	$1.01	$2.41
Income (loss) from discontinued operations, net of tax	($0.04)	($0.18)	($0.04)	$—	$0.20
Net income	$2.89	$2.74	$2.60	$1.01	$2.61
Common shares outstanding at year-end (000s)	110,987	111,019	110,894	110,656	110,449
Dividends declared per common share	$1.80	$1.70	$1.58	$1.50	$1.40
Market value per share at year-end	$43.91	$44.11	$36.77	$30.26	$29.18
Book value per share at year-end	$28.25	$27.14	$26.09	$25.06	$25.56
Market capitalization at year-end	$4,873.4	$4,897.0	$4,077.6	$3,348.5	$3,222.9
Other Selected Financial Data:					
Cash flows from operating activities	$841.1	$702.7	$984.9	$657.1	$338.2
Construction and acquisition expenditures	$1,158.1	$673.4	$866.9	$1,202.6	$879.0
Total assets at year-end	$10,785.5	$9,687.9	$9,282.9	$9,036.0	$8,201.5
Long-term obligations, net	$3,141.5	$2,708.0	$2,710.3	$2,512.2	$1,887.1
Times interest earned before income taxes (c)	3.75X	3.59X	3.81X	1.80X	4.30X
Capitalization ratios:					
Common equity	47%	50%	49%	49%	56%
Preferred stock of subsidiaries	3%	3%	4%	4%	5%
Long- and short-term debt	50%	47%	47%	47%	39%
Total	100%	100%	100%	100%	100%

(a) Refer to "Alliant Energy's Results of Operations" in MDA for discussion of the 2012, 2011 and 2010 results of operations.

(b) In 2009, Alliant Energy incurred $203 million of pre-tax losses related to the repurchase of its 2.5% Exchangeable Senior Notes due 2030.

(c) Represents the sum of income from continuing operations before income taxes plus interest expense, divided by interest expense. The calculation does not consider the "Loss on early extinguishment of debt" that Alliant Energy

has incurred as part of interest expense.

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IPL	2012 (a)	2011 (a)	2010 (a)	2009	2008
	(in millions)				
Operating revenues	$1,650.3	$1,740.1	$1,795.8	$1,708.0	$1,758.0
Net income	150.2	139.3	143.4	153.0	141.6
Earnings available for common stock	137.6	124.3	128.0	137.6	126.2
Cash dividends declared on common stock	122.9	73.4	—	—	29.1
Cash flows from operating activities	291.0	366.9	549.6	373.2	113.7
Total assets	5,457.0	5,093.5	4,937.6	4,892.2	4,210.9
Long-term obligations, net	1,361.7	1,311.0	1,310.6	1,160.9	996.8

(a) Refer to "IPL's Results of Operations" in MDA for a discussion of the 2012, 2011 and 2010 results of operations.

Alliant Energy is the sole common shareowner of all 13,370,788 shares of IPL's common stock outstanding. As such, earnings per share data is not disclosed herein.

WPL	2012 (a)	2011 (a)	2010 (a)	2009	2008
	(in millions)				
Operating revenues	$1,392.0	$1,434.4	$1,423.6	$1,386.1	$1,465.8
Net income	165.7	163.5	152.3	89.5	118.4
Earnings available for common stock	162.4	160.2	149.0	86.2	115.1
Cash dividends declared on common stock	112.0	112.1	109.5	91.0	91.3
Cash flows from operating activities	427.4	428.8	372.4	305.8	239.7
Total assets	4,762.6	4,044.0	3,889.6	3,681.4	3,265.5
Long-term obligations, net	1,436.1	1,190.7	1,193.7	1,146.3	899.0

(a) Refer to "WPL's Results of Operations" in MDA for a discussion of the 2012, 2011 and 2010 results of operations.

Alliant Energy is the sole common shareowner of all 13,236,601 shares of WPL's common stock outstanding. As such, earnings per share data is not disclosed herein.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (MDA)

This MDA includes information relating to Alliant Energy Corporation (Alliant Energy), Interstate Power and Light Company (IPL) and Wisconsin Power and Light Company (WPL), as well as Alliant Energy Resources, LLC (Resources) and Alliant Energy Corporate Services, Inc. (Corporate Services). Where appropriate, information relating to a specific entity has been segregated and labeled as such. The following discussion and analysis should be read in conjunction with the Consolidated Financial Statements and Combined Notes to Consolidated Financial Statements included in this report. Unless otherwise noted, all "per share" references in MDA refer to earnings per diluted share.

CONTENTS OF MDA

Alliant Energy's, IPL's and WPL's MDA consists of the following information:

- Environmental Matters
- Legislative Matters
- Alliant Energy's Results of Operations
- IPL's Results of Operations
- WPL's Results of Operations
- Liquidity and Capital Resources
- Other Matters
- Market Risk Sensitive Instruments and Positions
- Critical Accounting Policies and Estimates
- Other Future Considerations

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EXECUTIVE SUMMARY

Description of Business

General - Alliant Energy is an investor-owned public utility holding company whose primary subsidiaries are IPL, WPL, Resources and Corporate Services. IPL is a public utility engaged principally in the generation and distribution of electricity and the distribution and transportation of natural gas in selective markets in Iowa and southern Minnesota. WPL is a public utility engaged principally in the generation and distribution of electricity and the distribution and transportation of natural gas in selective markets in southern and central Wisconsin. WPL also owns an approximate 16% interest in the American Transmission Company LLC (ATC), a transmission-only utility operating in Wisconsin, Michigan, Illinois and Minnesota. Resources is the parent company for Alliant Energy's non-regulated businesses. Corporate Services provides administrative services to Alliant Energy and its subsidiaries. An illustration of Alliant Energy's primary businesses is shown below.

Alliant Energy

Utility and Corporate Services	Non-regulated and Parent (a)
- Electric and gas services in IA (IPL)	- Transportation (Resources)
- Electric and gas services in WI (WPL)	- Non-regulated Generation (Resources)
- 16% interest in ATC (WPL)	- Parent Company
- Electric and gas services in MN (IPL)	
- Corporate Services	

(a) In January 2013, Alliant Energy sold its remaining interest in RMT, Inc. (RMT).

Utility and Corporate Services - IPL and WPL own a portfolio of electric generating facilities located in Iowa, Wisconsin and Minnesota with a diversified fuel mix including coal, natural gas and renewable resources. The output from these generating facilities, supplemented with purchased power, is used to provide electric service to approximately 1 million electric customers in the upper Midwest. The utility business also procures natural gas from various suppliers to provide service to approximately 415,000 retail gas customers in the upper Midwest. Alliant Energy's utility business is its primary source of earnings and cash flows. The earnings and cash flows from the utility and Corporate Services business are sensitive to various external factors including, but not limited to, the amount and timing of rates approved by regulatory authorities, the impact of weather and economic conditions on electric and gas sales volumes and other factors listed in "Risk Factors" in Item 1A and "Forward-looking Statements."

Non-regulated Business and Parent - Resources manages various businesses including Transportation (short-line railway and barge transportation services), Non-regulated Generation (electric generating facilities management) and several other modest investments. Parent includes the operations of Alliant Energy (parent holding company).

Financial Results - Alliant Energy's earnings per weighted average common share (EPS) attributable to Alliant Energy common shareowners for 2012 and 2011 were as follows:

	2012	2011
Income from continuing operations	$2.93	$2.92
Loss from discontinued operations	(0.04)	(0.18)
Net income	$2.89	$2.74

Additional details regarding Alliant Energy's net income and EPS attributable to Alliant Energy common shareowners were as follows (dollars in millions, except per share amount):

	2012		2011	
	Net Income	EPS	Net Income	EPS
Continuing operations:				
Utility and Corporate Services	$304.8	$2.75	$284.5	$2.57
Non-regulated and parent	20.1	0.18	38.6	0.35
Income from continuing operations	324.9	2.93	323.1	2.92
Loss from discontinued operations	(5.1)	(0.04)	(19.5)	(0.18)
Net income	$319.8	$2.89	$303.6	$2.74

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The table above includes utility and Corporate Services, and non-regulated and parent EPS from continuing operations, which are non-GAAP (accounting principles generally accepted in the United States of America (U.S.)) financial measures. Alliant Energy believes utility and Corporate Services, and non-regulated and parent EPS from continuing operations are useful to investors because they facilitate an understanding of segment performance and trends and provide additional information about Alliant Energy's operations on a basis consistent with the measures that management uses to manage its operations and evaluate its performance. Alliant Energy's management also uses utility and Corporate Services EPS from continuing operations to determine performance-based compensation.

Utility and Corporate Services - Higher income from continuing operations in 2012 compared to 2011 was primarily due to:

- $0.12 per share related to income tax impacts at IPL due to Iowa rate-making practices associated with mixed service costs and repairs projects;
- $0.07 per share of impairment charges in 2011;
- $0.06 per share of net regulatory-related charges from IPL's Minnesota retail electric rate case decision in 2011;
- $0.06 per share of lower generation operation and maintenance expenses;
- $0.05 per share of higher electric margins from changes in the recovery of electric production fuel and energy purchases costs at WPL;
- $0.05 per share of additional benefits costs related to an amendment to the Alliant Energy Cash Balance Pension Plan (Cash Balance Plan) in 2011; and
- $0.05 per share of higher allowance for funds used during construction (AFUDC) in 2012 compared to 2011, primarily due to emission controls projects.

These items were partially offset by:

- $0.14 per share of state income tax charges in the first quarter of 2012 due to changes in state apportionment projections caused by Alliant Energy's planned sale of the RMT business;
- $0.08 per share of higher depreciation expense in 2012 compared to 2011; and
- $0.07 per share of higher purchased electric capacity expenses related to nuclear purchased power agreements (PPAs) in 2012 compared to 2011.

Non-regulated and parent - Lower income from continuing operations in 2012 compared to 2011 was primarily due to $0.17 per share of tax benefits in 2011 from Wisconsin tax legislation.

Refer to "Alliant Energy's Results of Operations," "IPL's Results of Operations" and "WPL's Results of Operations" for additional details regarding the various factors impacting their respective earnings during 2012, 2011 and 2010.

Strategic Overview

Alliant Energy's, IPL's and WPL's strategic plan focuses on their core business of delivering regulated electric and natural gas service in Iowa, Wisconsin, and Minnesota. The strategic plan is built upon three key elements: competitive costs, safe and reliable service and balanced generation. Key strategic plan developments impacting Alliant Energy, IPL and WPL during 2012 and early 2013 include:

- April 2012 - IPL and MidAmerican Energy Company (MidAmerican) each filed an updated Emissions Plan and Budget (EPB) with the Iowa Utilities Board (IUB). IPL's EPB includes emission controls projects for Ottumwa Unit 1 and Lansing Unit 4. MidAmerican's EPB includes emission controls projects for George Neal Units 3 and 4. Alliant Energy and IPL currently expect the IUB to issue their decisions on IPL's and MidAmerican's EPBs in the first quarter of 2013.
- July 2012 - WPL announced plans to retire Edgewater Unit 3 and Nelson Dewey Units 1 and 2 by December 31, 2015, and fuel switch or retire Edgewater Unit 4 by December 31, 2018, subject to necessary approvals.

- July 2012 - WPL filed a Certificate of Authority (CA) application with the Public Service Commission of Wisconsin (PSCW) to install a scrubber and baghouse system at Edgewater Unit 5 to reduce sulfur dioxide (SO2) emissions at the generating facility. WPL expects a decision from the PSCW regarding this emission controls project by the second quarter of 2013. Subject to regulatory approval of the project and the timing of such approvals, WPL expects to begin construction of the project in 2014 and place it in service in 2016.
- November 2012 - IPL announced plans to retire Lansing Unit 3 and Dubuque Units 3 and 4 by December 31, 2014, and Fox Lake Units 1 and 3, Sutherland Units 1 and 3 and various other units by December 31, 2016. The retirement of IPL’s Fox Lake Units 1 and 3 and Sutherland Units 1 and 3 is contingent on the approval and construction of the proposed Marshalltown Generating Station, among other necessary approvals.
- November 2012 - IPL filed for regulatory approvals to construct an approximate 600 megawatt (MW) natural gas-fired combined-cycle electric generating facility in Marshalltown, Iowa, referred to as the Marshalltown Generating Station.

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These filings included an Application for a Generation Facility Citing Certificate and an advanced rate-making principles filing, which are both required to be approved by the IUB prior to construction of the new facility. The advanced rate-making principles filing included a fixed cost cap of $700 million, excluding AFUDC and transmission upgrade costs, and a return on common equity of 11.25%. IPL expects to receive decisions on the required regulatory approvals for the new facility in the fourth quarter of 2013. Subject to regulatory approvals of the new facility and the timing of such approvals, IPL expects to begin construction of the facility in 2014 and place it in service by the second quarter of 2017.

- November 2012 - IPL filed an Energy Efficiency Plan (EEP) for 2014 through 2018 with the IUB. The EEP includes proposed spending of approximately $400 million for electric and natural gas energy efficiency programs in Iowa from 2014 through 2018, and aspires to conserve electric and gas usage equal to that of more than 100,000 homes.
- December 2012 - WPL purchased the Riverside Energy Center (Riverside), a 600 MW natural gas-fired electric generating facility in Beloit, Wisconsin, from a subsidiary of Calpine Corporation. The purchase price, including certain transaction-related costs, was $403.5 million. WPL's purchase of Riverside replaced the 490 MW of electricity output previously obtained from the Riverside PPA to meet the long-term energy needs of its customers.
- December 2012 - Resources' Franklin County wind project was completed and began generating electricity.
- January 2013 - The IUB issued an order allowing IPL to move forward with a proposed PPA that was recently negotiated with NextEra Energy Resources, LLC (NER), a subsidiary of NextEra Energy, Inc., for the purchase of capacity and energy generated by the Duane Arnold Energy Center (DAEC) located near Palo, Iowa. The IUB's January 2013 order authorized IPL to recover the Iowa retail portion of the cost of the proposed PPA from Iowa retail electric customers through the energy adjustment clause.

Refer to "Strategic Overview" for additional details regarding these and other strategic plan developments.

Rate Matters

Alliant Energy's utility subsidiaries, IPL and WPL, are subject to federal regulation by the Federal Energy Regulatory Commission (FERC), which has jurisdiction over wholesale electric rates, and state regulation in Iowa, Wisconsin and Minnesota for retail utility rates. Key regulatory developments impacting Alliant Energy, IPL and WPL during 2012 and early 2013 include:

- May 2012 - IPL filed a request with the IUB to increase annual rates for its Iowa retail gas customers. IPL's request included a proposal to utilize approximately $36 million of regulatory liabilities over a three-year period to credit bills of Iowa retail gas customers to help mitigate the impact of the proposed final rate increase on such customers. 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. In November 2012, the IUB approved a settlement agreement between IPL, the Iowa Office of Consumer Advocate (OCA) and the Iowa Consumers Coalition, which includes a final increase in annual rates for IPL's Iowa retail gas customers of $11 million, or approximately 4%, effective January 10, 2013, a 9.6% return on common equity after the application of double leverage and adoption of IPL's proposed gas tax benefit rider.
- May 2012 - The PSCW issued an order approving the implementation of updated depreciation rates for WPL effective January 1, 2013 as a result of a recently completed depreciation study. The updated depreciation rates reflect recovery of the remaining net book value of Nelson Dewey Units 1 and 2, and Edgewater Unit 3 over a 10-year period beginning January 1, 2013. In February 2013, the PSCW issued an order approving WPL's request to implement new depreciation rates for Riverside, effective January 1, 2013.
- July 2012 - WPL received an order from the PSCW authorizing 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 order also granted WPL authority to maintain customer base rates for its retail electric customers at their current levels through the end of 2014. Recovery of the costs for the planned acquisition of Riverside, the selective catalytic reduction (SCR) project at Edgewater Unit 5 and the scrubber and baghouse projects at Columbia Units 1 and 2 is included in the order. The order also included a return on common equity of 10.4% and the following related provisions: (1) WPL may request a change in retail base rates if its annual return on common

equity falls below 8.5%; and (2) WPL must defer a portion of its earnings if its annual return on common equity exceeds 10.65%. The amount of earnings WPL must defer is equal to 50% of its excess earnings between 10.66% and 11.40% and 100% of any excess earnings above 11.40%.

- December 2012 - WPL received an order from the PSCW authorizing an annual retail electric rate decrease of $29 million, or approximately 3%, effective January 1, 2013 as a result of decreases in fuel-related costs expected in 2013. WPL's 2013 fuel-related costs will be subject to an annual bandwidth of plus or minus 2%.
- January 2013 - The IUB authorized IPL to recover the Iowa retail portion of the costs of its proposed DAEC PPA from Iowa retail electric customers through the energy adjustment clause beginning February 22, 2014. The IUB is encouraging IPL to continue discussions with parties to the proposed DAEC PPA proceeding to resolve concerns expressed by such parties during the proceeding. If IPL is unable to reach an agreement with the parties to resolve their concerns, IPL commits to file an Iowa retail electric base rate case in the first quarter of 2014 and agrees to subject its Iowa retail electric base rates to potential refund beginning February 22, 2014 if the IUB orders a rate decrease from

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such rate case. If IPL fails to file an Iowa retail electric base rate case in the first quarter of 2014, the amount of costs IPL will be allowed to recover from its Iowa electric retail customers through the energy adjustment clause will be reduced by $12 million each month until temporary rates are set in IPL's next Iowa retail electric base rate proceeding.

- February 2013 - IPL received an order from the IUB approving the final amount of the regulatory liability from tax benefits for the electric tax benefit rider and a $24 million revenue requirement adjustment to be recognized during 2013.

Refer to "Rate Matters" for additional details regarding these and other regulatory developments.

Environmental Matters

Alliant Energy, IPL and WPL are subject to regulation of environmental matters by various federal, state and local authorities. Key environmental developments during 2012 that may impact Alliant Energy, IPL and WPL include:

- April 2012 - The U.S. Environmental Protection Agency (EPA) published proposed New Source Performance Standards (NSPS) for greenhouse gases (GHG), including carbon dioxide (CO2) emissions from new fossil-fueled electric generating units (EGUs) larger than 25 MW (not including simple-cycle combustion turbines), with an output-based emissions rate limitation of 1,000 pounds of CO2 per megawatt-hour (MWh). This emissions rate limitation is expected to be effective upon the EPA's issuance of the final rule in the second quarter of 2013. The proposed NSPS for new EGUs is expected to apply to IPL's proposed construction of the Marshalltown Generating Station.
- May 2012 - The EPA issued a final ozone National Ambient Air Quality Standard (NAAQS) rule that classifies Sheboygan County in Wisconsin as marginal non-attainment, which requires this area to achieve the eight-hour ozone NAAQS of a level of 0.075 parts per million (ppm) by December 2015. WPL operates Edgewater and the Sheboygan Falls Energy Facility in Sheboygan County, Wisconsin.
- August 2012 - The U.S. Court of Appeals for the D.C. Circuit (D.C. Circuit Court) vacated the Cross-State Air Pollution Rule (CSAPR) and remanded it for further revision to the EPA. The D.C. Circuit Court order required the EPA to continue administering the Clean Air Interstate Rule (CAIR) pending the promulgation of a valid replacement for CSAPR. In January 2013, the D.C. Circuit Court denied the EPA's request for rehearing of the decision that vacated and remanded CSAPR for further revision. Petitioners may seek the Supreme Court's review of this decision, and during the interim, CAIR remains effective.
- December 2012 - The EPA issued a final rule revising the fine particle primary NAAQS (PM2.5 NAAQS), which strengthens the annual standard from 15 micrograms per cubic meter (ug/m3) to 12 ug/m3. The EPA is expected to designate non-attainment areas for the revised annual PM2.5 NAAQS by December 2015.
- December 2012 - The D.C. Circuit Court denied a request by petitioners for rehearing of the decision that upheld the EPA's ability to regulate GHG. As a result, the EPA's GHG regulations remain effective as well as the EPA's ability to issue additional requirements to reduce GHG emissions. Petitioners may seek the Supreme Court's review of this decision.

Refer to "Environmental Matters" for additional details regarding these and other environmental developments.

Legislative Matters

Alliant Energy, IPL and WPL monitor various legislative developments, including those relating to energy, tax, financial and other matters. Recent key legislative developments impacting Alliant Energy, IPL and WPL during early 2013 include:

- January 2013 - The American Taxpayer Relief Act of 2012 (the ATR Act) was enacted. The most significant provision of the ATR Act for Alliant Energy, IPL and WPL relates to the extension of bonus depreciation deductions for certain expenditures for property that are incurred through December 31, 2013.

Refer to "Legislative Matters" for additional details regarding this legislative development.

Liquidity and Capital Resources

Based on their current liquidity positions and capital structures, Alliant Energy, IPL and WPL believe they will be able to secure the additional capital required to implement their strategic plan and to meet their long-term contractual obligations. Key financing developments impacting Alliant Energy, IPL and WPL during 2012 and early 2013 include:

- March 2012 - IPL extended through March 2014 the purchase commitment from the third-party financial institution to which it sells its receivables.
- September 2012 - Corporate Services issued $75 million of 3.45% senior notes due 2022. The proceeds were used to repay short-term debt primarily incurred for the purchase of the corporate headquarters building and for general working capital purposes.
- November 2012 - Alliant Energy announced an increase in its targeted 2013 annual common stock dividend to $1.88 per share, which is equivalent to a quarterly rate of $0.47 per share, beginning with the February 15, 2013 dividend payment.
- November 2012 - WPL issued $250 million of 2.25% debentures due 2022. The proceeds were used by WPL to fund a portion of the purchase price of Riverside.
- December 2012 - Franklin County Holdings, LLC borrowed $60 million under a variable-rate term loan credit agreement that exists through 2014. The proceeds were used to fund a portion of the costs of the Franklin County wind project.

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- December 2012 - At December 31, 2012, Alliant Energy and its subsidiaries had $733 million of available capacity under their revolving credit facilities, $20 million of available capacity at IPL under its sales of accounts receivable program and $21 million of cash and cash equivalents.
- January 2013 - Standard & Poor's Ratings Services raised Alliant Energy's, IPL's and WPL's credit ratings.
- February 2013 - IPL announced it will redeem all 6,000,000 outstanding shares of its 8.375% cumulative preferred stock in March 2013 at par value for approximately $150 million plus accrued and unpaid dividends to the redemption date. WPL announced it will redeem all 1,049,225 outstanding shares of its 4.40% through 6.50% cumulative preferred stock in March 2013 for approximately $61 million plus accrued and unpaid dividends to the redemption date.

Refer to "Liquidity and Capital Resources" for additional details regarding these and other financing developments and material commitments of capital expenditures.

Other Matters

Other key developments in 2012 that could impact Alliant Energy's, IPL's or WPL's future financial condition or results of operations are as follows:

- September 2012 - ITC Midwest LLC (ITC) and ATC finalized their respective Attachment "O" rates they propose to charge their customers in 2013 for electric transmission services. The increase in ITC's and ATC's Attachment "O" rates, as well as Midwest Independent Transmission System Operator (MISO) transmission charges for shared transmission projects, are expected to contribute to material increases in future electric transmission service charges for IPL and WPL. Alliant Energy, IPL and WPL currently estimate their electric transmission service expenses in 2013 will be approximately $70 million, $60 million and $10 million, respectively, higher than the comparable expenses in 2012. A significant portion of the increase in IPL's electric transmission service expenses is expected to be offset with increases in electric revenues resulting from the automatic transmission cost recovery rider approved by the IUB and implemented in 2011. Recovery of a significant portion of the increases in WPL's electric transmission service expenses for 2013 and 2014 was requested as part of WPL's retail electric and gas rate case for the 2013/2014 test period.

Refer to "Other Matters" for additional details regarding potential impacts to future financial condition and results of operations.

STRATEGIC OVERVIEW

Strategic Plan - Alliant Energy's, IPL's and WPL's strategic plan focuses on their core business of delivering regulated electric and natural gas service in their Iowa, Wisconsin and Minnesota service territories. The strategic plan is built upon three key elements: competitive costs, safe and reliable service, and balanced generation.

Competitive Costs - Providing competitive and predictable energy costs for customers is a key element of the strategic plan. Alliant Energy, IPL and WPL are aware that the majority of their costs become part of rates charged to their customers and any rate increase has an impact on their customers. Given that potential public policy changes and resulting increases in future energy costs are possible, Alliant Energy, IPL and WPL are focused on controlling their costs with the intent of providing competitive rates to their customers. Alliant Energy and IPL have also proposed tax benefit riders, which utilize tax benefits from income tax strategies to provide credits on Iowa retail customers' bills to help offset impacts of rate increases. Refer to Note 5 of the "Combined Notes to Consolidated Financial Statements" and "Rate Matters" for further discussion of the electric and gas tax benefit riders. Energy efficiency is also an important part of the strategic plan and is an option that provides customers with the opportunity to save on their energy bills. Alliant Energy's, IPL's and WPL's approach to energy efficiency is based on regulations in Iowa, Wisconsin and Minnesota. The objective in each of these states is to meet prescribed goals in the most cost-effective manner. Refer to "Energy Efficiency Programs" below for further discussion of energy efficiency programs used by Alliant Energy, IPL and

WPL.

Safe and Reliable Service - The strategic plan is intended to focus resources on providing safe and reliable electricity and natural gas service. Investments are expected to be targeted in system improvements, replacing aging infrastructure and distribution grid efficiency to maintain strong reliability. Alliant Energy, IPL and WPL monitor system performance and take the necessary steps to continually improve the safety and reliability of their service for their customers. Providing exceptional customer service, including emergency and outage response, is part of Alliant Energy's, IPL's and WPL's mission and commitment to the customers they serve.

Balanced Generation - One of the key components of Alliant Energy's, IPL's and WPL's strategic plan is focused on a balanced and flexible portfolio of energy resources that will meet their utility customers' short- and long-term energy needs. Alliant Energy, IPL and WPL believe a diversified fuel mix for EGUs is important to meeting the needs of their customers, shareowners and the environment while preparing for a potentially carbon-constrained environment in the future. The current generation plan includes the following diversified portfolio of energy resources:

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- Natural gas - purchasing and/or constructing new natural gas-fired EGUs;
- Coal - implementing emission controls and performance upgrades at their newer, larger and more efficient coal-fired EGUs, and fuel switching at, and retirement of, certain older, smaller and less efficient coal-fired EGUs;
- Nuclear - entering into a new nuclear generation PPA related to DAEC; and
- Renewable - completion of a new wind generating facility at Resources and evaluating potential future development of existing wind sites.

Additional details of changes to Alliant Energy's, IPL's and WPL's generation portfolio, as well as discussion of investments in performance and reliability upgrades, are included in "Generation Plans" below. In addition, Alliant Energy's, IPL's and WPL's strategic plan includes new emission controls at their more efficient coal-fired EGUs to continue producing affordable energy for customers and to benefit the environment, which are included in "Environmental Compliance Plans" below.

The strategic plan for Alliant Energy's non-regulated operations involves maintaining a modest portfolio of businesses that are accretive to earnings but not significant users of capital. In January 2013, Alliant Energy sold the remainder of its RMT business.

Generation Plans - Alliant Energy, IPL and WPL review and update, as deemed necessary and in accordance with regulatory requirements, their generation plans. Alliant Energy, IPL and WPL are currently evaluating the types of capacity and energy additions they will pursue to meet their customers' long-term energy needs and are monitoring several related external factors that will influence those evaluations. Some of these external factors include regulatory decisions regarding proposed projects, changes in long-term projections of customer demand, availability and cost effectiveness of different generation technologies, forward market prices for fossil fuels, market conditions for obtaining financing, developments related to federal and state renewable portfolio standards, environmental requirements, such as any future requirements relating to GHG emissions or renewable energy sources, and federal and state tax incentives.

Natural Gas-Fired Generation -
IPL's Proposed Construction of Marshalltown Generating Station - In November 2012, IPL filed for regulatory approvals to construct an approximate 600 MW natural gas-fired combined-cycle electric generating facility in Marshalltown, Iowa, referred to as the Marshalltown Generating Station. These filings included an Application for a Generation Facility Citing Certificate and an advanced rate-making principles filing, which are both required to be approved by the IUB prior to construction of the new facility. The advanced rate-making principles filing included requests for a fixed cost cap of $700 million, excluding AFUDC and transmission upgrade costs, and a return on common equity of 11.25%. In addition, the filing included a request that any costs incurred in excess of the cost cap be incorporated into rates if determined to be reasonable and prudent. This new facility is expected to meet a portion of IPL's long-term energy resource requirements caused by projected growth in customer demand and the impacts of anticipated retirements of IPL's older, smaller and less efficient coal-fired and peaking EGUs due to the age of such units and operational and environmental compliance considerations. IPL expects to receive decisions on the required regulatory approvals for the new facility in the fourth quarter of 2013. Subject to regulatory approvals of the new facility and the timing of such approvals, IPL expects to begin construction of the facility in 2014 and place it in service by the second quarter of 2017. Refer to "Liquidity and Capital Resources - Construction and Acquisition Expenditures" for details regarding the capital expenditures in 2013 through 2016 currently anticipated for this facility.

WPL's Purchase of Riverside - In December 2012, WPL purchased Riverside, a 600 MW natural gas-fired electric generating facility in Beloit, Wisconsin, from a subsidiary of Calpine Corporation. The purchase price, including certain transaction-related costs, was $404 million. WPL's purchase of Riverside replaced the 490 MW of electricity output previously obtained from the Riverside PPA to meet the long-term energy needs of its customers. Refer to Note

1(e) of the “Combined Notes to Consolidated Financial Statements” for further discussion of WPL’s purchase of Riverside. Refer to “Rate Matters” for discussion of the recovery of the Riverside acquisition costs from WPL’s retail electric customers addressed in the PSCW’s order issued in July 2012 related to WPL’s Wisconsin retail electric and gas rate case (2013/2014 test period).

Coal-Fired Generation -
Emission Controls Projects - Alliant Energy’s, IPL’s and WPL’s strategic plan includes new emission controls at IPL’s and WPL’s newer, larger and more efficient coal-fired EGUs to continue producing affordable energy for customers and to benefit the environment. Refer to “Environmental Compliance Plans” below for details regarding these emission controls projects including the capital expenditures in 2013 through 2016 currently anticipated for these projects.

Generation Improvement Projects - Alliant Energy’s, IPL’s and WPL’s strategic plan includes investments in performance and reliability improvements at their newer, larger and more efficient coal-fired EGUs including IPL’s Lansing Unit 4 and

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Ottumwa Unit 1, and WPL's Edgewater Unit 5, and Columbia Units 1 and 2. Refer to "Liquidity and Capital Resources - Construction and Acquisition Expenditures" for details regarding the capital expenditures in 2013 through 2016 currently anticipated for these generation performance improvement projects.

Plant Retirements or Fuel Switching - Alliant Energy's, IPL's and WPL's current strategic plan includes the retirement of, and fuel switching at, several older, smaller and less efficient EGUs. The following table provides a list of the EGUs recently retired as well as EGUs that may be retired or changed from coal-fired to an alternative fuel source in the next five years.

EGU (In-Service Year)	Nameplate Rated Capacity (a)	Actual / Expected Action (b)
IPL:		
Sixth Street (1900-1950)	85 MW	Retired in 2010
Dubuque Unit 2 (1929)	15 MW	Retired in 2010
M.L. Kapp Unit 1 (1947)	19 MW	Retired in 2010
Prairie Creek Unit 2 (1951)	23 MW	Retired in 2010
Sutherland Unit 2 (1955)	38 MW	Retired in 2010
Lansing Unit 2 (1949)	12 MW	Retired in 2010
Montgomery Unit 1 (1974)	29 MW	Retired in 2012
Lansing Unit 3 (1957)	38 MW	Retire by December 31, 2014
Dubuque Unit 3 (1952)	29 MW	Retire by December 31, 2014 (c) (d)
Dubuque Unit 4 (1959)	38 MW	Retire by December 31, 2014 (c) (d)
Fox Lake Unit 1 (1950)	12 MW	Retire by December 31, 2016
Fox Lake Unit 3 (1962)	82 MW	Retire by December 31, 2016 (c) (e)
Sutherland Unit 1 (1955)	38 MW	Retire by December 31, 2016 (e) (f)
Sutherland Unit 3 (1961)	82 MW	Retire by December 31, 2016 (e) (f)
Other units	Approximately 200 MW	Retire by December 31, 2016 (e)
WPL:		
Edgewater Unit 3 (1951)	60 MW	Retire by December 31, 2015 (c)
Nelson Dewey Unit 1 (1959)	100 MW	Retire by December 31, 2015 (c)
Nelson Dewey Unit 2 (1962)	100 MW	Retire by December 31, 2015 (c)
Edgewater Unit 4 (1969)	225 MW (g)	Fuel switch or retire by December 31, 2018

(a) Nameplate rated capacity represents the nominal amount of electricity an EGU is designed to produce. Each EGU is also assessed a generating capacity amount from MISO through its annual resource adequacy process. The generating capacity amount assessed by MISO is subject to change each year and is based upon the current performance capability of the EGU and is reduced based on historical forced outages.

(b) As of December 31, 2012, the aggregate net book value of EGUs that may be retired or refueled in the future was $68 million for IPL and $97 million for WPL.

(c) Final MISO studies could indicate that the retirement of Dubuque Units 3 and 4, Fox Lake Unit 3, Edgewater Unit 3 and Nelson Dewey Units 1 and 2 may result in reliability issues and that transmission upgrades are necessary to enable the retirement. Under the current MISO tariff, the specific timing for the retirement of these EGUs could depend on the timing of the required transmission upgrades as well as various operational, market and other factors.

(d) Dubuque Units 3 and 4 ceased coal firing in 2011 and are currently fueled with natural gas.

(e) The retirement of IPL's Fox Lake Unit 3, Sutherland Units 1 and 3 and other units is contingent on the approval and construction of the proposed Marshalltown Generating Station.

(f) Sutherland Units 1 and 3 ceased coal firing in 2012 and are currently fueled with natural gas.

(g) Reflects WPL's 68.2% ownership interest in Edgewater Unit 4.

Alliant Energy, IPL and WPL will work with MISO, state regulatory commissions and other regulatory agencies, as required, to determine the final timing of these actions. The expected dates for the retirement and fuel switching of these units are subject to change depending on operational, regulatory, market and other factors. Alliant Energy, IPL and WPL will also continue to evaluate the potential retirement of other EGUs within their generation fleet.

Nuclear Generation -
IPL's DAEC PPA - In August 2012, IPL filed for regulatory approvals to enter into a proposed PPA that was negotiated with NER, a subsidiary of NextEra Energy, Inc., for the purchase of capacity and energy generated by DAEC located near Palo, Iowa. In January 2013, the IUB issued an order allowing IPL to proceed with its proposed PPA and authorizing IPL to recover the Iowa retail portion of the cost of the proposed PPA from Iowa retail electric customers through the energy adjustment clause. The terms of the PPA provide IPL the right to NER's entire output quantities (70% of the total plant output) in exchange for payment from IPL to NER based on the amount of MWhs received by IPL. IPL has agreed to

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purchase 431 MWs of capacity and the resulting energy from DAEC for a term from the expiration of the existing PPA in February 2014 through December 31, 2025. Among the terms and conditions of the PPA are guarantees by NER to provide minimum amounts of capacity and energy. The PPA also contains provisions for the replacement of energy from alternative sources under certain conditions as well as provisions that convey to IPL the potential environmental attributes associated with its portion of the output from DAEC. Refer to "Rate Matters" for further discussion of the IUB's January 2013 order approving the DAEC PPA.

WPL's Kewaunee Nuclear Power Plant (Kewaunee) PPA - In October 2012, Dominion Resources, Inc. (Dominion) announced plans to shut down Kewaunee in the second quarter of 2013. WPL currently expects that Dominion will provide WPL replacement energy and capacity under the terms of the Kewaunee PPA after the Kewaunee plant is shut down through the end of the PPA term in December 2013. As a result, WPL currently expects no material changes to the expected energy and capacity payments under the PPA.

Wind Generation -
Resources' Franklin County Wind Project - In 2011, Alliant Energy decided to build the Franklin County wind project, which began generating electricity in the fourth quarter of 2012. Resources is currently selling the electricity output from the wind project into the MISO market as a merchant generator, and is evaluating different options to sell the electricity output from this wind project. Such options include entering into a PPA with an independent third-party, entering into a PPA with either IPL or WPL and/or continuing to sell the output into the MISO market as a merchant generator. Refer to Notes 1(e), 1(f) and 4(d) of the "Combined Notes to Consolidated Financial Statements" for further discussion of the Franklin County wind project. Refer to "Critical Accounting Policies and Estimates - Long-lived Assets" for details of a recent assessment of the recoverability of the carrying amount of the Franklin County wind project.

Undeveloped Wind Sites - IPL has approximately 200 MW of wind site capacity remaining in Franklin County, Iowa. WPL has approximately 200 MW of wind site capacity remaining in Freeborn County, Minnesota. Future development of the balance of these wind sites will depend on numerous factors such as changes in customer demand, renewable portfolio standards, environmental requirements, electricity and fossil fuel prices, wind project costs, technology advancements and transmission capabilities. Refer to Note 1(e) of the "Combined Notes to Consolidated Financial Statements" for further discussion of IPL's Franklin County wind site.

Environmental Compliance Plans - Alliant Energy, IPL and WPL have developed environmental compliance plans to help ensure cost effective compliance with current and proposed environmental laws and regulations. Alliant Energy, IPL and WPL expect these environmental laws and regulations will require significant reductions of future emissions of nitrogen oxide (NOx), SO2, particulate matter (PM), mercury and other hazardous air pollution (HAPs) at their generating facilities. Alliant Energy, IPL and WPL review and update, as deemed necessary and in accordance with regulatory requirements, their environmental compliance plans to address various external factors. Some of these external factors include regulatory decisions regarding proposed emission controls projects, developments related to environmental regulations, outcomes of legal proceedings, settlements reached with environmental agencies and citizens groups, availability and cost effectiveness of different emission reduction technologies, market prices for electricity and fossil fuels, market prices for emission allowances, market conditions for obtaining financings, and federal and state tax incentives. Refer to "Environmental Matters" for details of certain current and proposed environmental regulations, including regulations for which these plans are expected to support compliance obligations. The following table provides current estimates of capital expenditures planned for 2013 through 2016 as well as the total project costs for emission controls projects included in Alliant Energy's, IPL's and WPL's current environmental compliance plans (in millions):

Generating Unit	Expected In-service Date	Technology (a)	2013	2014	2015	2016	Total

							Project Cost
IPL:							
George Neal Units 3 & 4 (b)	2013/2014	Scrubber & Baghouse	$60	$30	$—	$—	$120-$140
Ottumwa Unit 1	2014	Scrubber & Baghouse	65	25	—	—	150-170
Lansing Unit 4	2015	Scrubber	15	30	10	—	50-60
Other		Various	45	35	5	5	
			185	120	15	5	
WPL:							
Columbia Units 1 & 2	2014	Scrubber & Baghouse	145	20	—	—	280-310
Edgewater Unit 5	2016	Scrubber & Baghouse	15	70	185	140	390-430
Other		Various	10	—	—	20	
			170	90	185	160	
Alliant Energy			$355	$210	$200	$165	

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(a) Baghouse, including carbon injection, is a post-combustion process that injects carbon particles into the stream of gases leaving the generating facility boiler to facilitate the capture of mercury in filters or bags. This process can remove more than 85% of mercury emissions.
Scrubber is a post-combustion process that injects lime or lime slurry into the stream of gases leaving the generating facility boiler to remove SO2 and other acid gases (including hydrochloric acid) and capture them in a solid or liquid waste by-product. A scrubber typically removes more than 90% of the SO2 emissions regardless of generating facility boiler type or design.

(b) George Neal Units 3 and 4 are operated by MidAmerican. IPL owns a 28% interest in George Neal Unit 3 and a 25.695% interest in George Neal Unit 4.

These capital expenditure estimates represent IPL's or WPL's respective portion of the total escalated capital expenditures and exclude AFUDC, if applicable. Capital expenditure estimates are subject to change based on future changes to plant-specific costs of emission controls technologies and environmental requirements. The August 2012 D.C. Circuit Court decision that vacated CSAPR and required the EPA to continue administering CAIR is not expected to impact Alliant Energy's, IPL's and WPL's environmental controls projects included in their current environmental compliance plans, which are included in the table above. Refer to Note 1(e) of the "Combined Notes to Consolidated Financial Statements" for further discussion of IPL's and WPL's emission controls projects.

IPL's Emission Controls Projects - Under Iowa law, IPL is required to file an EPB biennially. Filing of annual periodic reports regarding the implementation of IPL's compliance plan and related budget identified in an EPB is also currently required under a settlement agreement between IPL and the OCA in Iowa. An EPB provides a utility's compliance plan and related budget to meet applicable state environmental requirements and federal air quality standards. IUB approval of an EPB demonstrates that the IUB believes the EPB is reasonably expected to achieve cost-effective compliance with applicable state environmental requirements and federal air quality standards. In April 2012, IPL and MidAmerican each filed an updated EPB with the IUB. In September 2012, MidAmerican filed with the IUB a settlement on its EPB reached with the OCA, which includes emission controls projects for George Neal Units 3 and 4. In November 2012, IPL filed with the IUB a settlement on its EPB reached with the OCA, which includes emission controls projects for Ottumwa Unit 1 and Lansing Unit 4. Alliant Energy and IPL currently expect the IUB to issue their decisions on IPL's and MidAmerican's EPBs in the first quarter of 2013.

George Neal Units 3 and 4 - MidAmerican is currently constructing and installing scrubbers and baghouses at George Neal Units 3 and 4 to reduce SO2 emissions and mercury emissions at the generating facility. The scrubbers and baghouses at George Neal Units 3 and 4 are expected to support compliance obligations for current and anticipated air quality regulatory requirements, including CAIR, a modified CSAPR or some alternative to these rules that may be implemented, and the Utility Maximum Achievable Control Technology (MACT) Rule.

Ottumwa Unit 1 - IPL is currently constructing a scrubber and baghouse at Ottumwa Unit 1 to reduce SO2 and mercury emissions at the generating facility. The scrubber and baghouse at Ottumwa Unit 1 are expected to support compliance obligations for current and anticipated air quality regulatory requirements, including CAIR, a modified CSAPR or some alternative to these rules that may be implemented, and the Utility MACT Rule.

Lansing Unit 4 - IPL plans to install a scrubber at Lansing Unit 4 to reduce SO2 emissions at the generating facility. The scrubber at Lansing Unit 4 is expected to support compliance obligations for current and anticipated air quality regulatory requirements, including CAIR, a modified CSAPR or some alternative to these rules that may be implemented, and the Utility MACT Rule.

Other - Alliant Energy's and IPL's current environmental compliance plans also include additional planned expenditures for certain of IPL's electric generating facilities that Alliant Energy and IPL anticipate will be needed to comply with current and anticipated environmental rules, regulations and other compliance requirements related to air quality, water quality and land and solid waste. The environmental compliance plans associated with these additional planned expenditures are subject to change pending further clarity on various pending and anticipated regulatory requirements.

WPL's Emission Controls Projects - WPL must file a CA and receive authorization from the PSCW to proceed with any individual emission controls project with an estimated project cost of $10 million or more. In 2007, the PSCW approved the deferral of the retail portion of WPL's incremental pre-certification and pre-construction costs for current or future emission controls projects requiring PSCW approval, effective on the request date of November 2006. Alliant Energy and WPL currently anticipate that deferred costs as of December 31, 2012 and thereafter will be recovered in WPL's future rates and

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therefore do not expect these costs to have an adverse impact on their financial condition or results of operations.

Edgewater Unit 5 - In May 2010, WPL received an order from the PSCW authorizing the installation of an SCR system at Edgewater Unit 5 to reduce NOx emissions at the facility. This SCR system at Edgewater Unit 5 was placed in-service in December 2012. This SCR system is expected to support compliance obligations for current and anticipated air quality regulatory requirements, including CAIR, a modified CSAPR or some alternative to these rules that may be implemented, and the Wisconsin Reasonably Available Control Technology (RACT) Rule.

In July 2012, WPL filed a CA application with the PSCW to install a scrubber and baghouse system at Edgewater Unit 5 to reduce SO2 emissions at the generating facility. WPL expects a decision from the PSCW regarding this emission controls project by the second quarter of 2013. Subject to regulatory approval of the project and the timing of such approvals, WPL expects to begin construction of the project in 2014 and place it in service in 2016. The scrubber and baghouse system is expected to support compliance obligations for current and anticipated air quality regulatory requirements, including CAIR, a modified CSAPR or some alternative to these rules that may be implemented, the Utility MACT Rule and the Wisconsin State Mercury Rule.

Columbia Units 1 and 2 - In February 2011, WPL received approval from the PSCW to install scrubbers and baghouses at Columbia Units 1 and 2 to reduce SO2 and mercury emissions at the generating facility. The scrubbers and baghouses at Columbia Units 1 and 2 are expected to support compliance obligations for current and anticipated air quality regulatory requirements, including CAIR, a modified CSAPR or some alternative to these rules that may be implemented, the Utility MACT Rule and the Wisconsin State Mercury Rule.

Other - Alliant Energy’s and WPL’s current environmental compliance plans also include additional planned expenditures for certain of WPL’s electric generating facilities that Alliant Energy and WPL anticipate will be needed to comply with current and anticipated environmental rules, regulations and other compliance requirements related to air quality, water quality and land and solid waste. The environmental compliance plans associated with these additional planned expenditures are subject to change pending further clarity on various pending and anticipated regulatory requirements.

Energy Efficiency Programs - Alliant Energy, IPL and WPL have several energy efficiency programs and initiatives that help customers reduce their energy usage and related costs through the use of new energy efficient equipment, products and practices. The following are Alliant Energy’s, IPL’s and WPL’s current key energy efficiency programs:

IPL EEP - In November 2012, IPL filed an EEP for 2014 through 2018 with the IUB. The EEP includes spending approximately $400 million for electric and natural gas energy efficiency programs in Iowa from 2014 through 2018, and aspires to conserve electric and gas usage equal to that of more than 100,000 homes. In accordance with Iowa law, IPL is required to file an EEP every five years. An EEP provides a utility’s plan and related budget to achieve specified levels of energy savings. IUB approval demonstrates that the IUB believes that IPL’s EEP is reasonably expected to achieve cost-effective delivery of the energy efficiency programs. To the extent approved by the IUB, costs associated with executing the EEP are recovered from ratepayers through an additional tariff called an Energy Efficiency Cost Recovery (EECR) factor. The EECR factors are revised annually and include a reconciliation to eliminate any over- or under-recovery of energy efficiency expenses from prior periods. There are no carrying costs associated with the cost recovery factors. The annual EECR factors are based on IPL’s approved budget as filed with its EEP, along with any over- or under-collection from prior periods, and therefore are not expected to have a material impact on Alliant Energy’s and IPL’s financial condition or results of operations.

Focus on Energy Program - In 2012 and 2011, WPL contributed 1.2% and 1.5%, respectively, of annual retail utility revenues to help fund Focus on Energy, Wisconsin’s state-wide energy efficiency and renewable energy resource

program.

Shared Savings Programs - IPL and WPL offer energy efficiency programs to certain customers in Minnesota and Wisconsin referred to as Shared Savings programs. These programs provide low-cost financing to help customers identify, purchase and install energy efficiency improvement projects. The customers repay IPL and WPL with monthly payments over a term up to five years. Refer to Note 4(c) of the “Combined Notes to Consolidated Financial Statements” for additional details of shared savings programs.

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RATE MATTERS

Overview - Alliant Energy has two utility subsidiaries, IPL and WPL. Alliant Energy's utility subsidiaries are subject to federal regulation by FERC, which has jurisdiction over wholesale electric rates and certain natural gas facilities, and state regulation in Iowa, Wisconsin and Minnesota for retail utility rates and standards of service. Such regulatory oversight also covers IPL's and WPL's plans for construction and financing of new generation facilities and related activities.

Recent Retail Base Rate Filings - Details of IPL's and WPL's recent retail base rate cases impacting their historical and future results of operations are as follows (dollars in millions; Electric (E); Gas (G); Not Applicable (N/A)):

Retail Base Rate Cases	Utility Type	Filing Date	Interim Increase Implemented (a)(b)	Interim Effective Date	Final Increase / (Decrease) Granted (b)	Final Effective Date
WPL:						
Wisconsin 2013/2014 Test Period	E/G	May-12	N/A	N/A	E-$0;G-($13)	Jan-13
Wisconsin 2011 Test Year	E	Apr-10	N/A	N/A	8	Jan-11
IPL:						
Iowa 2011 Test Year	G	May-12	$9	Jun-12	11	Jan-13
Minnesota 2009 Test Year	E	May-10	14	Jul-10	8	Feb-12 (c)
Iowa 2009 Test Year	E	Mar-10	119	Mar-10	114	Apr-11

(a) In Iowa, IPL's interim rates can be implemented 10 days after the filing date, without regulatory review and are subject to refund, pending determination of final rates. In Minnesota, IPL's interim rates can be implemented 60 days after the filing date, with regulatory review and are subject to refund, pending determination of final rates. The amount of the interim rates is replaced by the amount of final rates once the final rates are granted.

(b) Base rate changes reflect both returns on additions to infrastructure and recovery of changes in costs incurred or expected to be incurred. Given that a portion of the rate changes will offset changes in costs, revenues from rate changes should not be expected to result in an equal change in income for either IPL or WPL.

(c) In January 2013, IPL filed a request with the Minnesota Public Utilities Commission (MPUC) for full cost recovery of the Minnesota retail portion of IPL's Whispering Willow - East wind project construction costs. IPL expects to receive a decision from the MPUC in 2013 for the final recovery amount of such costs.

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 included 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 acquisition of Riverside, the SCR project at Edgewater Unit 5 and the scrubber and baghouse projects at Columbia Units 1 and 2 were included in the request. The recovery of the costs for these capital projects were 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. WPL's May 2012 retail base rate filing included continuation of a 10.4% return on common equity and the following related provisions: (1) WPL may request a change in retail base rates during the test period if its annual return on common equity falls below 8.5%; and (2) WPL must defer a portion of its earnings if its annual return on common equity exceeds 10.65% during the test period. The amount of earnings WPL must defer is equal to 50% of its excess earnings between 10.66% and 11.40% and 100% of any excess earnings above 11.40%. In addition, the filing requested WPL maintain its ability to request deferrals based on current practices. In July 2012, WPL received an order from the PSCW

authorizing WPL to implement its retail base rate filing as requested.

Refer to “WPL’s Retail Fuel-related Rate Filings - 2013 Test Year” below for information on WPL’s retail fuel-related cost filing for 2013. WPL currently expects to make a retail fuel-related cost filing for 2014 in the second or third quarter of 2013. Refer to Note 1(b) of the “Combined Notes to Consolidated Financial Statements” for details of impacts to “Regulatory assets” on Alliant Energy’s and WPL’s Consolidated Balance Sheets from the PSCW’s July 2012 order.

WPL’s Retail Electric Rate Case (2011 Test Year) - In 2010, WPL filed a request with the PSCW to reopen the rate order for its 2010 test year to increase annual retail electric rates for 2011. The request was based on a forward-looking test period that included 2011. The key drivers for the filing included recovery of investments in WPL’s Bent Tree - Phase I wind project and expiring deferral credits, partially offset by lower variable fuel expenses. In December 2010, WPL received an order from the PSCW authorizing an annual retail electric rate increase of $8 million, or approximately 1%, effective January 1, 2011. The annual retail electric rate increase of $8 million reflects a $38 million increase in the non-fuel component of

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rates and a $30 million decrease in the fuel component of rates. This $8 million increase in annual rates effective January 1, 2011, combined with the termination of the $9 million interim fuel-related rate increase after December 2010, resulted in a net $1 million decrease in annual retail electric rates charged to customers effective January 2011. Refer to “WPL’s Retail Fuel-related Rate Filings - 2010 Test Year” below for additional details of the interim fuel-related rate increase implemented in 2010 and a reduction to the 2011 test year base rate increase for refunds owed to retail electric customers related to interim fuel cost collections in 2010.

IPL’s Iowa Retail Gas Rate Case (2011 Test Year) - In May 2012, IPL filed a request with the IUB to increase annual rates for its Iowa retail gas customers 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. 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.

In August 2012, IPL, the 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. In November 2012, the IUB approved the settlement agreement between the parties. The settlement agreement approved by the IUB included a final increase in annual rates for IPL’s Iowa retail gas customers of $11 million, or approximately 4%, effective January 10, 2013, a 9.6% return on common equity after the application of double leverage and adoption of IPL’s proposed gas tax benefit rider discussed below.

Gas Tax Benefit Rider - IPL’s May 2012 retail gas rate case filing with the IUB 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 proposed to reduce customer bills utilizing a gas tax benefit rider over a three-year period by approximately $36 million in aggregate. In the unanimous settlement proposal filed with the IUB in August 2012, all parties agreed to IPL’s proposed utilization of a gas tax benefit rider over a three-year period. In November 2012, IPL received an order from the IUB approving the settlement agreement and authorizing the gas tax benefit rider. The IUB’s order authorized $12 million of regulatory liabilities from tax benefits to be credited to IPL’s retail gas customers’ bills in Iowa during 2013 through the gas tax benefit rider.

IPL’s Minnesota Retail Electric Rate Case (2009 Test Year) - In 2010, IPL filed a request with the MPUC to increase annual rates for its Minnesota retail electric customers 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 IPL’s Whispering Willow - East wind project and emission controls projects at 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 establishing 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. Because the final rate increase level was below the interim retail rate increase level implemented in July 2010, IPL refunded $4 million, including interest, to its Minnesota retail electric customers in 2012. The MPUC’s order also included the following details:

- Approved IPL’s Minnesota renewable energy rider request on a temporary basis but deferred judgment on the prudence of the Whispering Willow - East wind project costs. Initial recovery amount of the project costs will be allowed through the temporary renewable energy rider at a levelized cost of $51 per MWh. In January 2013, IPL filed a request with the MPUC for full cost recovery of the Minnesota retail portion of IPL’s Whispering Willow - East

wind project construction costs of approximately $30 million. IPL expects to receive a decision from the MPUC in 2013 for the final recovery amount for such costs.

- Approved recovery of IPL's FERC-approved 2010 electric transmission service costs including ITC's 2008 true-up costs billed to IPL in 2010.
- Approved an additional $5 million of regulatory liabilities owed to Minnesota retail electric customers from the gain on the sale of IPL's electric transmission assets to ITC in 2007 to offset a portion of transmission rate increases. The MPUC approved the utilization of the $5 million of additional regulatory liabilities over a four-year period beginning with the effective date of interim rates in July 2010.
- Denied IPL's proposed transmission cost recovery rider.
- Approved recovery of $2 million of Sutherland #4 cancellation costs over a 25-year period.
- Approved a return on common equity of 10.35% and a regulatory capital structure of 47.7% common equity, 43.9% long-term debt, 6.3% preferred equity and 2.1% short-term debt.

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Refer to Note 1(b) of the "Combined Notes to Consolidated Financial Statements" for discussion of changes to regulatory assets and regulatory liabilities in 2011 based on the MPUC's November 2011 order. Refer to Note 1(e) of the "Combined Notes to Consolidated Financial Statements" for discussion of an impairment recognized in 2011 based on the MPUC's decision regarding the recovery of IPL's Whispering Willow - East wind project costs.

IPL's Iowa Retail Electric Rate Case (2009 Test Year) - In 2010, IPL filed a request with the IUB to increase annual rates for its Iowa retail electric customers based on a 2009 historical test year as adjusted for certain known and measurable changes occurring up to 12 months after the commencement of the proceeding. The key drivers for the filing included recovery of investments in the Whispering Willow - East wind project and emission controls projects at Lansing Unit 4, and recovery of increased electric transmission service costs. In conjunction with the filing, IPL implemented an interim retail electric rate increase of $119 million, or approximately 10%, on an annual basis, effective March 20, 2010.

In February 2011, IPL received an order from the IUB authorizing a final annual retail electric rate increase of $114 million, or approximately 10%. Because the final rate increase level was below the interim rate increase level of $119 million implemented on March 20, 2010, IPL refunded $5 million, including interest, to its Iowa retail electric customers in 2011. The IUB issued a separate order in January 2011 that included the following decisions for the 2009 test year rate case:

- Approved IPL's proposed transmission cost rider conditional upon IPL's agreement to not file an electric base rate case for three years from the date of the order.
- Disallowed return on investment treatment for the portion of Whispering Willow - East costs incurred above the cost cap associated with the wind turbine generators. In August 2011, the IUB clarified the treatment of these costs to be included in IPL's rate base with a zero return on investment.
- Authorized use of regulatory liabilities to implement a tax benefit rider discussed below and offset certain electric transmission service costs expected in 2011 and certain capital costs for the Whispering Willow - East wind project.
- Limited recovery of and return on investment treatment to 52.5% of the remaining net book value of Sixth Street.
- Allowed recovery of $7 million of flood-related costs previously incurred in 2009.

Transmission Cost Rider - In January 2011, the IUB approved IPL's proposal to implement a transmission cost rider for recovery of electric transmission service expenses incurred to provide electric service to IPL's retail customers in Iowa. The IUB stipulated that the rider would be implemented on a pilot basis conditional upon IPL's agreement to not file a retail electric base rate case for three years from the date of the order and meet additional reporting requirements. In January 2011, IPL accepted the transmission cost rider with the IUB's conditions. The transmission cost rider will remain in effect until the IUB's decision in IPL's next retail electric base rate case, whereby the rider will be revisited. Effective February 2011, electric transmission service expenses were removed from base rates and billed to IPL's Iowa retail electric customers through the transmission cost rider. This new cost recovery mechanism provides for subsequent adjustments to electric rates charged to Iowa retail electric customers for changes in electric transmission service expenses. The cumulative effects of the under-/over-collection of these costs will be recorded in regulatory assets or regulatory liabilities on Alliant Energy's and IPL's Consolidated Balance Sheets until they are reflected in future billings to customers.

Electric Tax Benefit Rider - In 2009, IPL filed a request with the IUB to create a regulatory liability account for potential tax benefits resulting from changes in tax accounting methodologies and tax elections available under the Internal Revenue Code. These potential tax benefits are related to the tax treatment of repair expenditures, allocation of insurance proceeds from floods in 2008 and allocation of mixed service costs. In December 2012, IPL filed a report with the IUB requesting approval of the final amount of the regulatory liability account based on the tax benefits

generated from these changes in tax accounting methodologies and tax elections that were sustained under Internal Revenue Service (IRS) audit. The December 2012 report filed by IPL identified approximately $500 million of such tax benefits, which includes $452 million allocated for use with the electric tax benefit rider and $48 million allocated for use with the gas tax benefit rider discussed previously. The December 2012 report filed by IPL also requested authority from the IUB to utilize $24 million of the regulatory liability account in 2013 to recognize the revenue requirement impact of the changes in tax accounting methods. In February 2013, the IUB issued an order approving IPL's December 2012 request, which will result in a revenue requirement adjustment expected to increase Alliant Energy's and IPL's electric revenues $24 million in 2013. Beginning in 2014, the revenue requirement adjustment is estimated to be $15 million per year until it is addressed in IPL's next retail electric base rate case.

The electric tax benefit rider, which was approved by the IUB and implemented in early 2011, utilizes amounts from the regulatory liability account to credit bills of Iowa retail customers to help offset the impact of rate increases on such customers. These credits on customers' electric bills reduce electric revenues each quarter based on customers' kilowatt-hour (KWh) usage. In 2012 and 2011, the electric tax benefit rider utilized $83 million and $61 million of the regulatory liability

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account to credit IPL's customers' bills at a rate of 0.568 cents per KWh and 0.504 cents per KWh, respectively. In January 2013, the IUB issued an order approving IPL's 2013 electric tax benefit rider tariff, which proposes to utilize $56 million of regulatory liability account in 2013 to credit IPL's retail electric customers' bills at a rate of 0.386 cents per KWh.

The remaining $228 million of the regulatory liability account balance allocated for use with the electric tax benefit rider is currently expected to be utilized subsequent to 2013 and will be dependent on future decisions by the IUB. Refer to Notes 1(b) and 5 of the "Combined Notes to Consolidated Financial Statements" and "Results of Operations - Income Taxes" for additional discussion of the impacts of the electric tax benefit rider on Alliant Energy's and IPL's regulatory assets and regulatory liabilities, income tax expense and effective income tax rates.

Management Audit - As part of the IUB's February 2011 order related to IPL's Iowa retail electric rate case (2009 test year), the IUB outlined plans for IPL's management activities to be audited by a third-party vendor. This audit commenced in the third quarter of 2011. In September 2012, the IUB accepted the final IPL management audit report issued by the third-party vendor. In response to the audit, IPL expects to file a progress report by April 1, 2013 and its initial status report by October 1, 2013. Alliant Energy and IPL do not currently believe that the final report will have a significant impact upon their financial condition or results of operations.

Refer to Note 1(b) of the "Combined Notes to Consolidated Financial Statements" for additional details of the changes to regulatory assets and regulatory liabilities based on the IUB's January 2011 order. Refer to Note 1(e) of the "Combined Notes to Consolidated Financial Statements" for additional details of the IUB's decision in the January 2011 order disallowing IPL a return on a portion of its Whispering Willow - East wind project costs.

WPL's Retail Fuel-related Rate Filings -
2013 Test Year - In June 2012, WPL filed a request with the PSCW to decrease annual rates for WPL's retail electric customers 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 December 2012, WPL received an order from the PSCW authorizing an annual retail electric rate decrease of $29 million, or approximately 3%, effective January 1, 2013. WPL's 2013 fuel-related costs will be subject to an annual bandwidth of plus or minus 2%.

2012 Test Year - In 2011, WPL filed a request with the PSCW to increase annual retail electric rates to recover anticipated increases in retail fuel-related costs in 2012 due to higher purchased power energy costs and emission compliance costs. In December 2011, WPL received an order from the PSCW authorizing an annual retail electric rate increase of $4 million, effective January 1, 2012, related to expected changes in retail fuel-related costs for 2012. The 2012 fuel-related costs were subject to an annual bandwidth of plus or minus 2%. Retail fuel-related costs incurred by WPL for 2012 were lower than the approved fuel monitoring level by more than the 2% bandwidth resulting in future refunds anticipated to be used to offset fuel-related cost changes in 2014. As of December 31, 2012, Alliant Energy and WPL recorded $11 million in regulatory liabilities on their Consolidated Balance Sheets for refunds anticipated to be used to offset fuel-related cost changes in 2014.

2010 Test Year - In 2010, WPL filed a request with the PSCW to increase annual retail electric rates to recover anticipated increased fuel-related costs in 2010. WPL received approval from the PSCW to implement an interim rate increase of $9 million, on an annual basis, effective in June 2010. Updated annual 2010 fuel-related costs during the proceeding resulted in WPL no longer qualifying for a fuel-related rate increase for 2010. In December 2010, the PSCW issued an order authorizing no increase in retail electric rates in 2010 related to fuel-related costs and required the interim rate increase to terminate at the end of 2010. The order also required WPL to use $5 million of the interim fuel rates collected in 2010 as a reduction to the 2011 test year base rate increase.

Potential Future IPL Retail Electric Base Rate Case - In January 2013, the IUB issued an order allowing IPL to proceed with its proposed DAEC PPA and authorized IPL to recover the Iowa retail portion of the costs of such PPA from Iowa retail electric customers through the energy adjustment clause beginning February 22, 2014. The January 2013 order encourages IPL to continue discussions with parties to the proposed DAEC PPA proceeding to resolve concerns expressed by such parties during the proceeding. If IPL is unable to reach an agreement with the parties to resolve their concerns, IPL commits to file an Iowa retail electric base rate case in the first quarter of 2014 and agrees to subject its Iowa retail electric base rates to potential refund beginning February 22, 2014 if the IUB orders a rate decrease from such rate case. If IPL fails to file an Iowa retail electric base rate case in the first quarter of 2014, the amount of costs IPL will be allowed to recover from its Iowa electric retail customers through the energy adjustment clause will be reduced by $12 million each month until temporary rates are set in IPL’s next Iowa retail electric base rate proceeding. In February 2013, one of the parties that participated in the proceeding filed a motion for reconsideration, which is still pending.

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Proposed Rule Changes -
Proposed Changes to Energy Adjustment Clause Rules in Iowa - In May 2012, IPL filed a request with the IUB for proposed changes to the energy adjustment clause rules in Iowa. IPL proposed modifications to include cost recovery of emission control chemicals and impacts of future EPA rule changes, including recovery of certain emission allowance costs. IPL also proposed to allow the option of including production tax credits and renewable energy credit revenues in the energy adjustment clause rules. IPL's production tax credits related to its Whispering Willow - East wind project are currently being recovered in base rates. In December 2012, the IUB issued an order terminating the rulemaking without adopting IPL's proposed revisions. The IUB's order allows IPL the opportunity to address the recovery of these costs through the energy adjustment clause in a future rate case proceeding or rulemaking when there is more certainty with regard to the associated costs.

Rate Case Details - Details of the currently effective rate orders in IPL's and WPL's key jurisdictions were as follows (Common Equity (CE); Preferred Equity (PE); Long-term Debt (LD); Short-term Debt (SD); Weighted-average Cost of Capital (WACC)):

Jurisdictions	Test Period	Authorized Return on Common Equity (a)	Regulatory Capital Structure CE	PE	LD	SD	After-tax WACC	Average Rate Base (in millions)
IPL:								
Iowa retail (IUB):								
Electric:								
- Emery (b)	2009	11.58 %	48.2%	6.5%	45.3%	N/A	8.85%	$281
- Whispering Willow - East (b)	2009	11.09 %	48.2%	6.5%	45.3%	N/A	8.61%	266
- Other (b)	2009	9.53 %	48.2%	6.5%	45.3%	N/A	7.86%	1,843
Gas (c)	2011	9.56 %	48.8%	5.0%	46.2%	N/A	7.76%	255
Minnesota retail (MPUC):								
Electric	2009	10.35 %	47.7%	6.3%	43.9%	2.1%	8.11%	126 (d)
Gas	1994	10.75 %	41.0%	7.4%	44.0%	7.6%	8.82%	7
Wholesale electric (FERC) (e)	2012	10.97 %	48.7%	5.0%	46.3%	N/A	8.34%	30
WPL:								
Wisconsin retail (PSCW):								
Electric	2013	10.40 %	49.3%	2.0%	45.5%	3.2%	7.81%	2,105 (f)
Electric	2014	10.40 %	49.4%	1.9%	44.2%	4.5%	7.77%	2,240 (f)
Gas	2013	10.40 %	49.3%	2.0%	45.5%	3.2%	7.81%	196 (f)
Gas	2014	10.40 %	49.4%	1.9%	44.2%	4.5%	7.77%	199 (f)
Wholesale electric (FERC) (g)	2012	10.90 %	55.0%	N/A	45.0%	N/A	8.65%	194 (h)

(a) Authorized returns on common equity may not be indicative of actual returns earned or projections of future returns.

(b) Authorized returns on common equity and after-tax WACC reflect application of double leverage pursuant to the IUB's January 2011 order discussed above. Prior to the application of double leverage, authorized returns on common equity were: Emery Generating Station (Emery)-12.23%, Whispering Willow-East-11.7% and Other-10.0%, and after-tax WACC were: Emery-9.16%, Whispering Willow-East-8.91% and Other-8.09%.

(c) Authorized returns on common equity and after-tax WACC reflect application of double leverage pursuant to the unanimous settlement agreement approved in the IUB's November 2012 order. Prior to the application of double leverage, authorized return on common equity was 10.0% and after-tax WACC was 8.0%.

(d) Average rate base amounts do not include Whispering Willow - East capital costs, which are currently being recovered through a temporary renewable energy rider approved by the MPUC. In January 2013, IPL filed a

request with the MPUC for full cost recovery of the Minnesota retail portion of IPL's Whispering Willow - East wind project construction costs. IPL expects to receive a decision from the MPUC in 2013 for the final recovery amount for such costs.

(e) IPL's wholesale formula rates reflect annual changes in CE, PE, LD, WACC and rate base.

(f) Average rate base amounts do not include construction work in progress (CWIP) or a cash working capital allowance. The PSCW provides a return on selected CWIP and a cash working capital allowance by adjusting the percentage return on rate base.

(g) WPL's wholesale formula rates reflect annual changes in WACC and rate base.

(h) WPL's wholesale average rate base reflects production-related rate base calculated as the simple average of the beginning of year and end of year balances in accordance with WPL's approved formula rates. The 2012 amount excludes the impact of WPL's acquisition of Riverside in December 2012. The impact of WPL's acquisition of Riverside will be included in WPL's wholesale formula rates beginning in 2013.

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Other -
WPL Depreciation Study - In May 2012, the PSCW issued an order approving the implementation of updated depreciation rates for WPL effective January 1, 2013 as a result of a recently completed depreciation study. The updated depreciation rates reflect recovery of the remaining net book value of Nelson Dewey Units 1 and 2, and Edgewater Unit 3 over a 10-year period beginning January 1, 2013. In November 2012, WPL filed a request with the PSCW to revise previously approved depreciation rates applicable to Riverside based on updated information regarding the expected carrying value of the assets being purchased. In February 2013, the PSCW issued an order approving WPL's request to revise depreciation rates for Riverside, effective January 1, 2013. Refer to "Strategic Overview" for details of anticipated retirements of Nelson Dewey Units 1 and 2, and Edgewater Unit 3. Refer to Note 1(e) of the "Combined Notes to Consolidated Financial Statements" for details of the depreciation study.

In December 2012, FERC issued an order approving the implementation and inclusion of the updated depreciation rates in WPL's wholesale formula rates effective January 1, 2013. In February 2013, WPL filed a request with FERC for new depreciation rates associated with Riverside effective January 1, 2013.

Service Agreement - In December 2011, the PSCW approved a revised service agreement between Corporate Services, and IPL and WPL. The revised service agreement became effective in February 2012. Pursuant to the current and previous service agreements, IPL and WPL receive various administrative and general services from Corporate Services. These services are billed to IPL and WPL at cost based on expenses incurred by Corporate Services for the benefit of IPL and WPL, respectively. These costs consist primarily of employee compensation, benefits and fees associated with various professional services. In accordance with the terms of the revised service agreement, Corporate Services began including a return on net assets as part of the costs billed to IPL and WPL in 2012.

FERC Audit - As part of routine procedures, in the fourth quarter of 2011, FERC commenced an audit of Alliant Energy, including its centralized service company (Corporate Services) and other affiliated companies. In January 2013, FERC issued a final report related to this audit. Alliant Energy, IPL and WPL do not believe that the final report will have a significant impact on their financial condition or results of operations.

ENVIRONMENTAL MATTERS

Overview - Alliant Energy, IPL and WPL are subject to regulation of environmental matters by federal, state and local authorities as a result of their current and past operations. Alliant Energy, IPL and WPL monitor these environmental matters and address them with emission abatement programs. These programs are subject to continuing review and are periodically revised due to various factors, including changes in environmental regulations, litigation of environmental requirements, construction plans and compliance costs. There is currently significant regulatory uncertainty with respect to the various environmental rules and regulations discussed below. Given the dynamic nature of environmental regulations and other related regulatory requirements, Alliant Energy, IPL and WPL have established an integrated planning process that is used for environmental compliance for their operations. Alliant Energy, IPL and WPL anticipate future expenditures for environmental compliance will be material, including significant capital investments. Alliant Energy, IPL and WPL anticipate that prudent expenditures incurred by IPL and WPL to comply with environmental requirements likely would be recovered in rates from IPL's and WPL's customers. Refer to "Strategic Overview - Environmental Compliance Plans" for details of environmental compliance plans, including estimated capital expenditures. The following are major environmental matters that could potentially have a significant impact on Alliant Energy's, IPL's and WPL's financial condition and results of operations.

Air Quality - The Clean Air Act (CAA) and its amendments mandate preservation of air quality through existing regulations and periodic reviews to ensure adequacy of these provisions based on scientific data. As part of the basic framework under the CAA, the EPA is required to establish NAAQS rules, which serve to protect public health and welfare. These standards address six “criteria” pollutants, four of which (NOx, SO2, PM, and ozone) are particularly relevant to Alliant Energy’s, IPL’s and WPL’s electric utility operations. Ozone is not directly emitted from Alliant Energy’s, IPL’s and WPL’s generating facilities; however, NOx emissions may contribute to its formation in the atmosphere. Fine particulate matter (PM2.5) may also be formed in the atmosphere from SO2 and NOx emissions.

State implementation plans (SIPs) document the collection of regulations that individual state agencies will apply to maintain NAAQS rules and related CAA requirements. The EPA must approve each SIP and if a SIP is not acceptable to the EPA or if a state chooses not to issue separate state rules, then the EPA can assume enforcement of the CAA in that state by issuing a federal implementation plan. Routinely monitored locations that do not comply with NAAQS rules may be classified by the

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EPA as non-attainment and require further actions to reduce emissions. Additional emissions standards may also be applied under the CAA regulatory framework beyond NAAQS rules. The specific federal and state air quality regulations that may affect Alliant Energy's, IPL's and WPL's operations are listed in the table below. Alliant Energy, IPL and WPL also monitor various other potential environmental matters related to air quality, including: litigation of various federal rules issued under the CAA statutory authority; revisions to the New Source Review/Prevention of Significant Deterioration (PSD) permitting programs and NSPS; and proposed legislation or other regulatory actions to regulate the emission of GHG. Refer to the sections below the following tables for detailed discussion of the following air quality regulations.

Environmental Regulation	Emissions Regulated	Alliant Energy's Primary Facilities Potentially Affected	Actual/Anticipated Compliance Deadline
CAIR	SO2, NOx	Fossil-fueled EGUs over 25 MW capacity in IA and WI	Phase I - NOx (2009) and SO2 (2010); Phase II - 2015
CAVR	SO2, NOx, PM	Fossil-fueled EGUs built between 1962 and 1977 in IA, WI and MN	To Be Determined (TBD)
Utility MACT Rule	Mercury and other HAPs	Coal-fueled EGUs over 25 MW capacity in IA, WI and MN	April 2015 (a)
Wisconsin State Mercury Rule	Mercury	WPL's coal-fueled EGUs over 25 MW capacity	Phase I - 2010; Phase II - 2015
Wisconsin RACT Rule	NOx	WPL's Edgewater Units 3-5	Phase I - 2009; Phase II - 2013
Industrial Boiler and Process Heater MACT Rule	Mercury and other HAPs	IPL's Prairie Creek boilers 1, 2 and 5	2016
Ozone NAAQS Rule	NOx	Fossil-fueled EGUs in non-attainment areas	December 2015
Fine Particle NAAQS Rule	SO2, NOx, PM	Fossil-fueled EGUs in non-attainment areas	2020
NO2 NAAQS Rule	NO2	Fossil-fueled EGUs in non-attainment areas	TBD
SO2 NAAQS Rule	SO2	Fossil-fueled EGUs in non-attainment areas	2017

(a) An additional year for compliance can be requested, which may be granted on a case-by-case basis by state permitting authorities.

The following table lists the fossil-fueled EGUs by primary fuel type that IPL and WPL currently own or operate with greater than 25 MW of nameplate capacity. All of IPL's EGUs listed below are located in Iowa except for Fox Lake Unit 3, which is located in Minnesota. All of WPL's EGUs listed below are located in Wisconsin. Refer to "Strategic Overview" for discussion of various EGUs that may be retired or changed from coal-fired to an alternative fuel source in the next five years.

IPL			WPL	
Coal	Natural Gas	Oil	Coal	Natural Gas
Ottumwa 1	Emery 1-3	Marshalltown 1-3	Columbia 1-2	Sheboygan Falls 1-2
Lansing 3-4	Fox Lake 3	Lime Creek 1-2	Edgewater 3-5	Neenah 1-2
M.L. Kapp 2	Dubuque 3-4		Nelson Dewey 1-2	South Fond du Lac 1-4
Burlington 1	Sutherland 1,3 (a)			Rock River 3,5-6
George Neal 3-4				Sheepskin 1
Prairie Creek 3-4				Riverside 1-3
Louisa 1				

(a) In 2012, IPL switched Sutherland Units 1 and 3 to using natural gas as their primary fuel type; however, Sutherland Units 1 and 3 are still permitted to burn coal and are subject to all of the coal-burning EGU air regulations.

As discussed in greater detail below, a number of these air regulations are subject to legal challenges, reconsideration and/or other uncertainties that affect Alliant Energy's, IPL's and WPL's ability to predict with certainty what impact such regulations may have on their financial condition and results of operations.

CAIR/CSAPR - CAIR includes a regional cap-and-trade system covering the eastern U.S., where compliance may be achieved by either adding emission controls and/or purchasing emission allowances. In 2011, the EPA issued CSAPR as a replacement to resolve flaws with CAIR identified in a 2008 opinion issued in response to legal challenges to this rule. This rule similarly included requirements to reduce SO2 and NOx (both annual and ozone season) emissions. IPL's and WPL's fossil-fueled EGUs with greater than 25 MW of capacity located in Iowa, Minnesota and Wisconsin would have been impacted by CSAPR requirements. In August 2012, however, the D.C. Circuit Court vacated CSAPR, remanding it for further revision to the EPA. The D.C. Circuit Court order required the EPA to continue administering CAIR pending the promulgation of a valid replacement for CSAPR. In October 2012, the EPA, as well as several states, cities and other organizations, filed petitions for rehearing of the August 2012 decision that vacated CSAPR. In January 2013, the D.C.

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Circuit Court denied the EPA's request for rehearing of the decision that vacated and remanded CSAPR for further revision. Petitioners may seek the Supreme Court's review of this decision, and during the interim, CAIR remains effective. Given that these rules remain subject to potential further reconsideration by the EPA in response to legal challenges, Alliant Energy, IPL and WPL are currently unable to predict with certainty the impact on their financial condition or results of operations. Alliant Energy, IPL and WPL 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, and expect that capital investments and/or modifications to their EGUs to meet the final compliance requirements will be significant.

Clean Air Visibility Rule (CAVR) - CAVR requires states to develop and implement plans to address visibility impairment in designated national parks and wilderness areas across the country with a national goal of no impairment by 2064. These implementation plans require Best Available Retrofit Technology (BART) emission controls and other additional measures needed for reducing state contributions to regional haze. There are pending obligations under the EPA's CAVR to complete BART determinations that would evaluate control options to reduce these emissions at certain fossil-fueled IPL and WPL EGUs that were under construction between 1962 and 1977. IPL's facilities that may be impacted include Burlington Unit 1, George Neal Units 3 and 4, Prairie Creek Unit 4, M.L. Kapp Unit 2 and Lansing Unit 4. WPL's facilities that may be impacted include Edgewater Unit 4, Nelson Dewey Unit 2, and Columbia Units 1 and 2.

In 2012, the EPA published a final rule that would allow BART obligations for SO2 and NOx emissions to be fulfilled by compliance with CSAPR. In 2012, the EPA also approved CAVR plans for Iowa, Wisconsin and Minnesota, which would require compliance with CSAPR to fulfill BART requirements for SO2 and NOx emission reductions. In August 2012, the EPA rule that allowed for CAVR BART obligations to be met by CSAPR was challenged in the D.C. Circuit Court. In October 2012, parties also filed legal challenges to the EPA's final approvals of Iowa, Wisconsin and Minnesota CAVR plans including the application of CSAPR to meet BART requirements at affected EGUs. The D.C. Circuit Court has stayed action on these cases pending resolution of the legal challenges to CSAPR, which will determine if CAVR is upheld or remanded for reconsideration. It is unknown whether the EPA will allow BART to be fulfilled by CAIR, a modified CSAPR or another rule pending the ongoing D.C. Circuit Court's review of these regulations and the EPA's responses to resolve the court orders on these rules. If the EPA does not allow for BART to be fulfilled by CAIR, a modified CSAPR or another rule, then facility-specific BART evaluations will be needed for each impacted unit to determine what emission controls must be installed to address visibility improvements. In addition, there are uncertainties whether additional emission reductions could be required to address regional haze impacts beyond BART. Alliant Energy, IPL and WPL are unable to predict with certainty the impact that CAVR might have on the operations of their existing EGUs until the legal challenges to CAIR and CSAPR are resolved.

Utility MACT Rule - In 2011, the EPA issued the final Utility MACT Rule, also referred to as the Mercury and Air Toxic Standard. The final rule requires compliance with emission limits for mercury, filterable PM as a substitute for non-mercury metal HAPs and hydrogen chloride (HCl) as a substitute for acid gas HAPs. The EPA also proposed alternative standards for total or individual non-mercury metals emissions (instead of filterable PM) and SO2 emissions (instead of HCl for acid gases if a scrubber is installed). In addition, work practice standards were proposed for organic HAPs emissions to ensure proper combustion. Compliance is currently anticipated to be required by April 2015. However, an entity can request an additional year for compliance, which may be granted on a case-by-case basis by state permitting authorities for units that are needed to assure power reliability, units needed while building replacement generation or repowering to gas, or units that need additional time to install air emission controls technology. In November 2012, the EPA issued a proposed reconsideration to limited aspects to the Utility MACT rule including revisions to the startup and shutdown provisions for existing EGUs. The EPA plans to issue a final reconsideration rule by March 2013. The final Utility MACT Rule is subject to legal challenge that is pending in the

D.C. Circuit Court. Given that this rule remains subject to legal challenge in the D.C. Circuit Court and possible revision due to the proposed reconsideration rule, Alliant Energy, IPL and WPL are currently unable to predict with certainty the impact of the final Utility MACT rule on their financial condition and results of operations, but expect that capital investments and/or modifications to their electric generating facilities could be significant to comply with the rule.

Wisconsin State Mercury Rule - The Wisconsin State Mercury Rule requires electric utility companies in Wisconsin to meet compliance requirements to reduce annual mercury emissions by 40% from a historic baseline beginning in 2010 (Phase I). In addition, this rule requires large coal-fueled EGUs with greater than 150 MW of capacity to either achieve a 90% annual mercury emissions reduction standard or limit the annual concentration of mercury emissions to 0.008 pounds of mercury per gigawatt-hour beginning in 2015 (Phase II). Small coal-fueled EGUs between 25 MW and 150 MW of capacity must install Best Available Control Technology by January 2015 to reduce mercury emissions. As an alternative, this rule allows large and small EGUs to achieve compliance through averaging of covered emissions. In 2010, WPL filed its compliance plan with the Wisconsin Department of Natural Resources (DNR), which states WPL will utilize large and small EGU averaging to comply with the additional mercury rule emission reduction requirements that commence in 2015. The

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issuance of the final Utility MACT Rule is expected to initiate a review of, and may cause revisions to, the Wisconsin State Mercury Rule. Alliant Energy and WPL continue to evaluate the impact of this state mercury rule and the federal Utility MACT Rule discussed above on their financial condition and results of operations to determine further mercury emission reductions that would be required.

Wisconsin RACT Rule - In 2004, the EPA designated 10 counties in Southeastern Wisconsin as non-attainment areas for the ozone NAAQS. This designation includes Sheboygan County, where WPL operates the Sheboygan Falls Energy Facility and Edgewater. In 2007, the Wisconsin DNR issued a RACT Rule that requires NOx emission reductions at EGUs as part of the federal ozone SIP submittal to address non-attainment areas in Wisconsin. Facility modifications are not necessary at the Sheboygan Falls Energy Facility to comply with this rule. As part of its environmental compliance plan, WPL completed investments for installation of NOx emission controls technologies at Edgewater, which met the 2009 to 2012 compliance requirements (Phase I). In the fourth quarter of 2012, WPL completed the installation of an SCR system at Edgewater to support achieving compliance with the 2013 requirements, which include facility boiler NOx rate limitations and a mass emissions cap (Phase II). Refer to “Strategic Overview - Environmental Compliance Plans - WPL’s Emission Controls Projects” for further discussion of the Edgewater SCR system.

Industrial Boiler and Process Heater MACT Rule - In December 2012, the EPA issued a final reconsidered Industrial Boiler and Process Heater MACT Rule with a compliance deadline of early 2016 for major sources. The rule is expected to apply to IPL’s Prairie Creek boilers 1, 2 and 5, and fossil-fueled auxiliary boilers and process heaters operated at other IPL and WPL fossil-fueled facilities. The rule requires compliance with HAPs emission limitations and work practice standards. The final rule remains subject to legal challenges in the D.C. Circuit Court. Alliant Energy, IPL and WPL are currently evaluating the final rule and plan to update their environmental compliance plans as needed. Given that this rule remains subject to legal challenges in the D.C. Circuit Court, Alliant Energy, IPL and WPL are currently unable to predict with certainty the impact of the Industrial Boiler and Process Heater MACT rule on their financial condition and results of operations, but expect that capital investments and/or modifications to their electric generating facilities to meet compliance requirements of the rule could be significant.

Ozone NAAQS Rule - In 2008, the EPA announced reductions in the primary NAAQS for eight-hour ozone to a level of 0.075 ppm from the previous standard of 0.08 ppm. In May 2012, the EPA issued a final rule that classifies Sheboygan County in Wisconsin as marginal non-attainment, which requires this area to achieve the eight-hour ozone NAAQS by December 2015. WPL operates Edgewater and the Sheboygan Falls Energy Facility in Sheboygan County, Wisconsin. The final rule does not list any areas as ozone non-attainment in Iowa or Minnesota that impact IPL. Another rule is currently expected to be issued by the EPA in 2013 to assist state agencies in developing SIPs. The SIPs will explain what actions and emission reductions may be required for compliance to achieve attainment. The Edgewater Unit 5 SCR system completed in the fourth quarter of 2012 is expected to assist with possible compliance obligations under an ozone NAAQS SIP for Wisconsin. Given the ozone NAAQS remains subject to legal challenges in the D.C. Circuit Court and the Wisconsin DNR has not yet issued an eight-hour ozone non-attainment SIP, Alliant Energy and WPL are currently unable to predict with certainty the impact of the ozone NAAQS changes for Sheboygan County, Wisconsin on their financial condition and results of operations.

Fine Particle NAAQS Rule - In December 2012, the EPA issued a final rule revising the PM2.5 NAAQS, which strengthens the annual standard from 15 ug/m3 to 12 ug/m3. The EPA is expected to designate non-attainment areas for the revised annual PM2.5 NAAQS by December 2015. States with areas designated as non-attainment will be required to submit PM2.5 NAAQS SIPs within three years of the effective date of area designations by the EPA. The SIPs will explain what actions are needed in the non-attainment areas to achieve compliance with annual PM2.5 NAAQS. Compliance with the final rule is expected to be required by 2020 for non-attainment areas designated in 2015. Given that the EPA has not yet designated non-attainment areas and the PM2.5 NAAQS SIPs have not been

issued, Alliant Energy, IPL and WPL are currently unable to predict with certainty the impact of the final PM2.5 NAAQS rule on their financial condition and results of operations.

Nitrogen Dioxide (NO2) NAAQS Rule - In 2010, the EPA issued a final rule to strengthen the primary NAAQS for NOx as measured by NO2. The final rule establishes a new one-hour NAAQS for NO2 of 100 parts per billion (ppb) and associated ambient air monitoring requirements, while maintaining the current annual standard of 53 ppb. In February 2012, the EPA issued a final response to state recommendations and is not proposing to designate any non-attainment areas in Iowa, Minnesota and Wisconsin. The EPA is expected to re-evaluate these designations in 2016 based on expanded monitoring data. The schedule for compliance with this rule has not yet been established. Given that the EPA has not yet re-evaluated designations, Alliant Energy, IPL and WPL are currently unable to predict with certainty the impact of any potential NO2 NAAQS changes on their financial condition and results of operations.

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SO2 NAAQS Rule - In 2010, the EPA issued a final rule that establishes a new one-hour NAAQS for SO2 at a level of 75 ppb. The final rule also revokes both the existing 24-hour and annual standards. The EPA plans to finalize non-attainment designations for certain areas in Iowa and Wisconsin in June 2013. IPL and WPL do not operate any EGUs in any areas expected to be designated as non-attainment in 2013. Compliance with the SO2 NAAQS rule is currently expected to be required by 2017 for non-attainment areas finalized in 2013. Non-attainment designations for the remainder of Iowa and Wisconsin have been delayed to allow for modeling and collection of additional monitoring data. Given that the EPA has not yet issued final non-attainment designations, Alliant Energy, IPL and WPL are currently unable to predict with certainty the impact of any potential SO2 NAAQS changes on their financial condition and results of operations.

Air Permit Renewal Challenges - Alliant Energy and WPL are aware of certain public comments or petitions from citizen groups that have been submitted to the Wisconsin DNR or to the EPA regarding the renewal of air operating permits at certain of WPL's generating facilities. In some cases, the EPA has responded to these comments and petitions with orders to the Wisconsin DNR to reconsider the air operating permits of WPL's generating facilities. WPL has received renewed air permits for Columbia, Edgewater and Nelson Dewey from the Wisconsin DNR, which considered all public comments received as part of the renewal process. Below are recent developments regarding air permit renewal challenges for Columbia, Edgewater and Nelson Dewey.

Columbia - In 2011, the Sierra Club filed a lawsuit against the EPA in the U.S. District Court for the Western District of Wisconsin seeking to have the EPA take over the Title V air permit process for Columbia. The Sierra Club alleges the EPA must now act on the reconsideration of the permit since the Wisconsin DNR has exceeded its timeframe in which to respond to an EPA order issued in 2009. In 2011, the Wisconsin DNR proposed a revised draft operation permit for Columbia and WPL and the Sierra Club submitted comments objecting to its appropriateness. In June 2012, Alliant Energy received a notice from the EPA of its proposal for WPL to apply for a Federal Part 71 operation permit since the Wisconsin DNR has not addressed the EPA's objections to the Title V operation permit issued by the Wisconsin DNR to Columbia. Alliant Energy has until March 15, 2013 to comment on the EPA's proposal. If the EPA decides to require the submittal of an operation permit, it would be due within six months of the EPA's notice to Alliant Energy. Alliant Energy and WPL believe the Title V operation permit previously issued by the Wisconsin DNR for Columbia is still valid. Alliant Energy and WPL are currently unable to predict with certainty the outcome of this matter and the impact on their financial condition or results of operations.

Edgewater - In 2010, WPL received a copy of a notice of intent to sue by the Sierra Club against the EPA based on what the Sierra Club asserts is unreasonable delay in the EPA performing its duties related to the reconsideration of the Edgewater Title V air permit. Specifically, the Sierra Club alleges that because the Wisconsin DNR has exceeded its timeframe in which to respond to an earlier EPA order, the EPA must now act on the reconsideration of the permit. In October 2012, the Wisconsin DNR made a revised proposed Title V air permit for Edgewater available for public comment. WPL and Sierra Club submitted comments on the proposed permit revision. Alliant Energy and WPL believe the previously issued air permit for Edgewater is still valid. Alliant Energy and WPL are currently unable to predict with certainty the outcome of this matter and the impact on their financial condition and results of operations.

Nelson Dewey - In September 2010, the Sierra Club petitioned the EPA and the Wisconsin DNR to reopen a Nelson Dewey air permit. The Sierra Club alleges that the Nelson Dewey air permit issued by the Wisconsin DNR in 2008 should be corrected because certain modifications were made at the facility without complying with the PSD program requirements. In 2010, WPL filed a response to the petition with the EPA and the Wisconsin DNR objecting to its claims and supporting the Wisconsin DNR's issuance of the current permit. No action on this petition has been taken by the EPA or the Wisconsin DNR. Alliant Energy and WPL believe the previously issued air permit for Nelson Dewey is still valid. Alliant Energy and WPL are currently unable to predict with certainty the outcome of this petition and the impact on their financial condition and results of operations.

Air Permitting Violation Claims - Refer to Note 13(c) of the "Combined Notes to Consolidated Financial Statements" for discussion of a notice of violation issued by the EPA in 2009 and complaints filed by the Sierra Club in 2010 regarding alleged air permitting violations at Nelson Dewey, Columbia and Edgewater.

EPA Information Request - In October 2011, MidAmerican received an EPA Region VII request under Section 114 of the CAA for certain information relating to the historical operation of George Neal Units 3 and 4, and Louisa, which are coal-fueled generating units in Iowa that are jointly owned by IPL. IPL owns 28%, 25.695% and 4% of George Neal Unit 3, George Neal Unit 4 and Louisa, respectively. MidAmerican responded to this data request in December 2011. Depending upon the results of the EPA's review of the information provided by MidAmerican, the EPA may perform any of the following: issue a notice of violation asserting that a violation of the CAA occurred; seek additional information from MidAmerican, IPL and/or third-parties who have information relating to the boilers; and/or close out the investigation.

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Alliant Energy and IPL cannot currently predict with certainty the impact of the EPA's request and any subsequent action taken by the EPA or citizen groups on their financial condition and results of operations.

Other Air Quality Matters - IPL, the EPA, the State of Iowa and the Sierra Club are in discussions regarding CAA issues associated with IPL's Iowa operations. Alliant Energy and IPL believe that they are in compliance with the CAA. IPL is pursuing these discussions because IPL believes there is an opportunity to reach an agreement among the parties that avoids potential litigation and the long-term planning and operational uncertainty associated with such litigation. Alliant Energy and IPL believe that any agreement could contain terms similar to those seen in other EPA CAA settlements, including, among others, the installation of emission controls, the retirement or fuel switching of EGUs, compliance with specified emission rates and emission caps, beneficial environmental mitigation projects and penalties. Alliant Energy and IPL are currently unable to predict with certainty the outcome of these discussions and the impact on their financial condition or results of operations.

Water Quality -
Section 316(b) of Federal Clean Water Act - The Federal Clean Water Act requires the EPA to regulate cooling water intake structures to assure that these structures reflect the "best technology available" for minimizing adverse environmental impacts to fish and other aquatic life. The second phase of this EPA rule is generally referred to as Section 316(b). Section 316(b) applies to existing cooling water intake structures at certain steam EGUs. In 2011, the EPA issued a revised proposed Section 316(b) Rule, which applies to existing and new cooling water intake structures at certain steam EGUs and manufacturing facilities. IPL and WPL have identified nine (Ottumwa 1, Prairie Creek Units 3-4, Fox Lake Units 1 and 3, Lansing Units 3-4, Dubuque Units 3-4, M.L. Kapp Unit 2, Burlington Unit 1, George Neal Units 3-4 and Louisa Unit 1) and three (Columbia Units 1-2, Nelson Dewey Units 1-2 and Edgewater Units 3-5) electric generating facilities, respectively, which may be impacted by the revised Section 316(b) Rule. A final rule is expected to be issued by the EPA in 2013. The schedule for compliance with this rule has not yet been finalized; however, compliance is currently expected to be required within eight years of the effective date of the final rule. Alliant Energy, IPL and WPL are currently unable to predict with certainty the impact of the EPA's Section 316(b) rule on their financial condition and results of operations.

Wisconsin and Iowa State Thermal Rules - Section 316(a) of the Federal Clean Water Act requires the EPA to regulate thermal impacts from wastewater discharges of industrial facilities, including those from EGUs. All IPL and WPL facilities are subject to these standards upon state promulgation, which become applicable upon their incorporation into a facility's wastewater discharge permit. States have authority to establish standards for these discharges in order to minimize adverse environmental impacts to aquatic life. In Iowa and Wisconsin, the Iowa DNR and Wisconsin DNR are required to regulate thermal impacts from wastewater discharges of industrial facilities in their respective states, including IPL and WPL facilities that discharge water into nearby rivers and streams. Compliance with the thermal rules will be evaluated on a case-by-case basis when wastewater discharge permits for IPL's and WPL's generating facilities are renewed. Alliant Energy, IPL and WPL continue to evaluate the thermal rule regulatory requirements and the compliance options available to meet the heat limitations for discharges from IPL's and WPL's EGUs. Alliant Energy, IPL and WPL are unable to predict with certainty the final requirements of these rules until wastewater discharge permits for impacted facilities are renewed. If capital investments and/or modifications are required, Alliant Energy, IPL and WPL believe these investments could be significant.

Hydroelectric Fish Passage Device - In 2002, FERC issued an order requiring WPL to develop a detailed engineering and biological evaluation of potential fish passages for its Prairie du Sac hydro plant and install an agency-approved fish passage at that facility. The U.S. Fish and Wildlife Service (FWS) and the Wisconsin DNR have requested additional information to support the conceptual plan for the fish passage. In March 2012, FERC approved an updated deadline to install an agency-approved fish passage device at the facility by July 1, 2015. Alliant Energy and WPL currently believe the required capital investments and/or modifications to install the fish passage device at the facility

will be approximately $15 million. Alliant Energy and WPL are currently reviewing the project, which may change their expected capital investments. In January 2013, WPL requested the FWS to delay or withdraw the fish passage requirement due to recent concerns regarding Asian carp and other invasive species. The FWS agreed to prepare an environmental impact study, which may take up to a year to complete, during which time WPL is expected to request a further extension of the project deadline. As of December 31, 2012, Alliant Energy and WPL have $5 million recorded in “Utility property, plant and equipment” on their Consolidated Balance Sheets for the fish passage device project.

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Land and Solid Waste -
Coal Combustion Residuals (CCRs) - Alliant Energy, IPL and WPL are monitoring potential regulatory changes that may affect the rules for operation and maintenance of coal ash surface impoundments (ash ponds) and/or landfills, in the wake of a structural failure in the containment berm of a coal ash surface impoundment at a site operated by an unrelated, third-party utility. In 2009, IPL and WPL responded to information collection requests from the EPA for data on coal ash surface impoundments at certain of their facilities. The EPA continues to evaluate the responses and has been conducting site assessments of utilities' coal ash surface impoundments, including certain coal ash surface impoundments operated by IPL and WPL.

In 2010, the EPA issued a proposed rule seeking comment regarding two potential regulatory options for management of CCRs: (1) regulate as a special waste under the federal hazardous waste regulations when the CCR is destined for disposal, but continue to allow beneficial use applications of CCRs as a non-hazardous material; or (2) regulate as a non-hazardous waste for all applications subject to new national standards. These proposed regulations include additional requirements with significant impact for CCR management, beneficial use applications and disposal. IPL and WPL have nine and four current or former coal generating facilities, respectively, with one or more existing coal ash surface impoundments at each location. In addition, IPL and WPL each have two active CCR company-owned landfills. All of these CCR disposal units would be subject to the proposed rule currently anticipated to be finalized in 2013. The schedule for compliance with this rule has not yet been established. Alliant Energy, IPL and WPL are currently unable to predict with certainty the impact of these information collection requests, site inspections, or potential regulations for the management of CCRs, but expect that capital investments, operating expenditures and/or modifications to comply with CCR rules could be significant.

Closed Ash Landfill Sites - In 2004, IPL received communication from the Iowa DNR regarding an evaluation of groundwater monitoring results for four of its closed ash landfills and a request to further evaluate potential offsite groundwater impacts at two of its closed landfills. IPL has implemented a monitoring plan to evaluate the potential offsite groundwater impacts at the two closed landfills with the installation of additional groundwater monitoring wells and corresponding groundwater sampling and analysis. In July 2012, IPL received a response from the Iowa DNR stating IPL should continue monitoring these two closed landfills per the current monitoring plan. Alliant Energy and IPL are currently unable to predict with certainty the outcome of this matter and the impact on their financial condition and results of operations.

Polychlorinated Biphenyls (PCB) - In 2010, the EPA published an Advance Notice of Proposed Rulemaking to support a re-evaluation of all existing use authorizations for PCB-containing equipment. Based on the EPA's review of the information obtained in response to this notice, significant changes in PCB regulations may be proposed, including a possible mandated phase out of all PCB-containing equipment. The EPA plans to issue a proposed PCB rule amendment for public comment by 2014. The schedule for compliance with this rule has not yet been established. Pending the development of a final rule, Alliant Energy, IPL and WPL are currently unable to predict with certainty the outcome of this possible regulatory change, but believe that the required capital investment and/or modifications resulting from these potential regulations could be significant.

Manufactured Gas Plant (MGP) Sites - Refer to Note 13(e) of the "Combined Notes to Consolidated Financial Statements" for discussion of IPL's and WPL's MGP sites.

GHG Emissions - Climate change continues to be assessed by policymakers including consideration of the appropriate actions to mitigate global warming. There is continued debate regarding the public policy response that the U.S. should adopt, involving both domestic actions and international efforts. As discussed in greater detail below, the EPA is responding to a court ruling that requires issuance of federal rules to reduce GHG emissions under the existing CAA. Associated regulations to implement these federal GHG rules are also underway in Iowa, Wisconsin and

Minnesota. Given the highly uncertain outcome and timing of future regulations regarding the control of GHG emissions, Alliant Energy, IPL and WPL currently cannot predict with certainty the financial impact of any future climate change regulations on their operations but believe the expenditures to comply with any new emissions regulations could be significant.

EPA Endangerment and Cause or Contribute Findings - In 2009, the EPA issued a final Endangerment and Cause or Contribute Findings for GHG under the CAA with an effective date of January 2010. This final action includes two distinct findings regarding GHG emissions under the CAA. First, the current and projected concentrations of GHG emissions in the atmosphere threaten the public health and welfare of current and future generations. This is referred to as the endangerment finding and includes the six key GHG emissions identified in the EPA's mandatory GHG reporting rule. Second, the combined emissions of CO2, methane (CH4), nitrous oxide (N2O), and hydrofluorocarbons (HFCs) from new motor vehicles and motor vehicle engines contribute to the atmospheric concentrations of these key GHG emissions and hence to the threat

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of climate change. This is referred to as the cause or contribute finding. In 2010, the EPA, under authority from the GHG Endangerment and Cause or Contribute Findings, also issued a final rule that regulates GHG emissions from motor vehicles as a pollutant under the CAA. These findings by the EPA enable it to regulate GHG stationary sources, including electric utility operations and natural gas distribution operations. In December 2012, the D.C. Circuit Court denied a request by petitioners for rehearing of the decision that upheld the EPA's ability to regulate GHG. As a result, the EPA's GHG regulations remain effective as well as the EPA's ability to issue additional requirements to reduce GHG emissions. Petitioners may seek the Supreme Court's review of this decision.

EPA NSPS for GHG Emissions from Electric Utilities - The EPA has announced that it will issue GHG standards for electric utilities as NSPS for new and existing fossil-fueled EGUs. The EPA entered a settlement agreement that required the issuance of proposed regulations for new and existing power plants by July 2011 and final regulations no later than May 2012. As discussed below, the EPA did not meet these deadlines and final regulations are pending.

New EGUs - In April 2012, the EPA published proposed NSPS for GHG, including CO2 emissions from new fossil-fueled EGUs larger than 25 MW (not including simple-cycle combustion turbines), with an output-based emissions rate limitation of 1,000 pounds of CO2 per MWh. This emissions rate limitation is expected to be effective upon the EPA's issuance of the final rule in the second quarter of 2013. The proposed NSPS for new EGUs is expected to apply to IPL's proposed construction of an approximate 600 MW natural gas-fired combined-cycle electric generating facility in Marshalltown, Iowa, which will be designed to achieve compliance with the proposed CO2 emissions rate limitation.

Existing EGUs - The EPA's issuance of proposed regulations for existing EGUs remains delayed but is anticipated by the end of 2013. For existing EGUs, the NSPS issued by the EPA is expected to include emission guidelines that states must use to develop plans for reducing EGU GHG emissions. The guidelines will be established based on demonstrated controls, GHG emission reductions, costs and expected timeframes for installation and compliance. Accordingly, the implications of the EPA's NSPS rule for GHG emissions from existing EGUs are highly uncertain, including the nature of required emission controls and compliance schedule for mandating reductions of GHGs. Alliant Energy, IPL and WPL are currently unable to predict with certainty the final outcome of this proposed standard, but expect that expenditures to comply with any regulations to reduce GHG emissions could be significant.

EPA Mandatory GHG Reporting Rule - In 2009, the final EPA Mandatory GHG Reporting rule became effective. The final rule does not require control of GHG emissions, rather it requires that sources above certain threshold levels monitor and report emissions. The EPA anticipates that the data collected by this rule will improve the U.S. government's ability to formulate a set of climate change policy options. The GHG emissions covered by the final EPA reporting rule include CO2, CH4, N2O, sulfur hexafluoride, HFCs, perfluorocarbons and other fluorinated gases. The primary GHG emitted from Alliant Energy's, IPL's and WPL's utility operations is CO2 from the combustion of fossil fuels at their larger EGUs. Emissions of GHG are reported at the facility level in carbon dioxide-equivalent (CO2e) and include those facilities that emit 25,000 metric tons or more of CO2e annually. Alliant Energy, IPL and WPL continue to maintain and update their emissions monitoring methodologies and data collection procedures to capture all the GHG emissions data required for ongoing compliance with the EPA's mandatory GHG reporting rule. This rule is subject to a legal challenge that is pending in the D.C. Circuit Court. Annual 2011 emissions, in terms of total mass of CO2e, as reported to the EPA for electric utility and natural gas distribution operations, were as follows (in millions):

	Alliant Energy		IPL		WPL	
	Tons	Metric Tons	Tons	Metric Tons	Tons	Metric Tons
CO2e emissions (a)	29.4	26.7	13.3	12.1	16.1	14.6

(a)

CO2e emissions reported to the EPA represent all emissions from the facilities operated by IPL and WPL and do not reflect their share of co-owned facilities operated by other companies.

Refer to Note 13(e) of the "Combined Notes to Consolidated Financial Statements," Item 1 Business, "Strategic Overview" and "Liquidity and Capital Resources - Cash Flows - Investing Activities - Construction and Acquisition Expenditures" for further discussion of environmental matters.

LEGISLATIVE MATTERS

Overview - Alliant Energy, IPL and WPL monitor various legislative developments, including those relating to energy, tax, financial and other matters. Recent key legislative developments impacting Alliant Energy, IPL and WPL include the following:

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American Taxpayer Relief Act of 2012 (the ATR Act) - In January 2013, the ATR Act was enacted. The most significant provision of the ATR Act for Alliant Energy, IPL and WPL relates to the extension of bonus depreciation deductions for certain expenditures for property that are incurred through December 31, 2013. Based on capital projects projected to be placed into service in 2013 and 2014, Alliant Energy currently estimates its total bonus depreciation deductions to be claimed on its 2013 and 2014 U.S. federal income tax returns will be approximately $140 million ($70 million for IPL and $70 million for WPL) and $290 million ($140 million for IPL and $150 million for WPL), respectively.

ALLIANT ENERGY'S RESULTS OF OPERATIONS

Overview - "Executive Summary" provides an overview of Alliant Energy's 2012, 2011 and 2010 earnings and the various components of Alliant Energy's business. Additional details of Alliant Energy's 2012, 2011 and 2010 earnings are discussed below.

Utility Electric Margins - Electric margins are defined as electric operating revenues less electric production fuel, energy purchases and purchased electric capacity expenses. Management believes that electric margins provide a more meaningful basis for evaluating utility operations than electric operating revenues since electric production fuel, energy purchases and purchased electric capacity expenses are generally passed through to customers, and therefore result in changes to electric operating revenues that are comparable to changes in electric production fuel, energy purchases and purchased electric capacity expenses. Electric margins and MWh sales for Alliant Energy were as follows:

	Revenues and Costs (dollars in millions)					MWhs Sold (MWhs in thousands)				
	2012	2011	(a)	2010	(b)	2012	2011	(a)	2010	(b)
Residential	$975.9	$985.8	(1%)	$1,001.5	(2%)	7,679	7,740	(1%)	7,836	(1%)
Commercial	611.4	612.1	—%	619.0	(1%)	6,352	6,253	2%	6,219	1%
Industrial	741.8	748.9	(1%)	762.8	(2%)	11,555	11,504	—%	11,213	3%
Retail subtotal	2,329.1	2,346.8	(1%)	2,383.3	(2%)	25,586	25,497	—%	25,268	1%
Sales for resale:										
Wholesale	187.6	189.8	(1%)	196.8	(4%)	3,317	3,372	(2%)	3,325	1%
Bulk power and other	23.8	52.2	(54%)	44.1	18%	1,303	1,757	(26%)	1,378	28%
Other	48.8	47.0	4%	50.0	(6%)	151	151	—%	153	(1%)
Total revenues/sales	2,589.3	2,635.8	(2%)	2,674.2	(1%)	30,357	30,777	(1%)	30,124	2%
Electric production fuel expense	367.2	428.3	(14%)	387.9	10%					
Energy purchases expense	345.1	336.2	3%	431.3	(22%)					
Purchased electric capacity expense	271.5	257.2	6%	279.7	(8%)					
Margins	$1,605.5	$1,614.1	(1%)	$1,575.3	2%					

(a) Reflects the % change from 2011 to 2012. (b) Reflects the % change from 2010 to 2011.

2012 vs. 2011 Summary - Electric margins decreased $9 million, or 1%, primarily due to $22 million of decreased revenues due to higher credits on Iowa retail electric customers' bills resulting from the electric tax benefit rider during 2012 compared to 2011. Other decreases to electric margins included $8 million of higher purchased electric capacity expenses at WPL related to the Kewaunee PPA, $6 million of higher purchased electric capacity expenses at IPL related to the DAEC PPA, $5 million of revenues recognized in 2011 related to interim fuel rates collected in 2010 at WPL and lower weather-normalized sales volumes at WPL. The electric tax benefit rider resulted in $83 million and

$61 million of credits on Iowa retail electric customers' bills during 2012 and 2011, respectively. IPL's electric tax benefit rider resulted in reductions in electric revenues that were offset by reductions in income tax expense for the years ended December 31, 2012 and 2011. These items were partially offset by $16 million of higher revenues at IPL from changes in recovery of transmission costs related to the transmission rider implemented in 2011, a $10 million increase in electric margins from changes in the recovery of electric production fuel and energy purchases expenses at WPL, an estimated $7 million increase in electric margins from changes in sales caused by weather conditions in Alliant Energy's service territories, $2 million of SO2 emission allowance charges at IPL in 2011 and an increase in weather-normalized sales volumes at IPL. The higher transmission rider revenues were offset by higher electric transmission service expenses. Estimated increases to Alliant Energy's electric margins from the impacts of weather during 2012 and 2011 were $36 million and $29 million, respectively.

2011 vs. 2010 Summary - Electric margins increased $39 million, or 2%, primarily due to the impact of base retail rate increases (excluding fuel cost recoveries and transmission rider) at IPL and WPL, which increased electric revenues by $71

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million in 2011. Other increases to electric margins included $21 million of lower purchased electric capacity expenses at WPL related to the Kewaunee PPA, higher revenues at IPL related to changes in recovery of transmission costs due to the implementation of the transmission rider in 2011, an estimated $4 million increase in electric margins from changes in sales caused by weather conditions in Alliant Energy's service territories and a 3% increase in industrial sales volumes. Estimated increases to Alliant Energy's electric margins from the impacts of weather in 2011 and 2010 were $29 million and $25 million, respectively. These items were partially offset by credits on Iowa retail electric customers' bills in 2011 resulting from the implementation of the tax benefit rider, which decreased IPL's electric revenues by $61 million in 2011, the impact of a wholesale formula rate change, which increased WPL's electric revenues by $4 million in 2010, $4 million of lower energy conservation revenues at IPL, $3 million of higher purchased power electric capacity expenses at IPL related to the DAEC PPA, $2 million of SO2 emission allowance charges in 2011 and a decrease in weather-normalized residential sales volumes. Changes in energy conservation revenues are largely offset by changes in energy conservation expenses included in other operation and maintenance expenses.

Base Retail Rate Increases - Increases to Alliant Energy's electric revenues from the impacts of base retail rate increases (excluding fuel cost recoveries and transmission rider, and net of any reserves for rate refunds) were as follows (dollars in millions):

Retail Base Rate Cases	Effective Date	2011 vs. 2010 Revenue Increases
WPL's Wisconsin 2011 Test Year	January 1, 2011	$38
IPL's Iowa 2009 Test Year	March 20, 2010	26
IPL's Minnesota 2009 Test Year	July 6, 2010	7
		$71

There were no material changes in base retail rates from 2011 to 2012. Refer to "Rate Matters" for additional information relating to these retail electric rate increases, a retail electric base rate freeze at WPL through December 31, 2014 and a retail electric base rate freeze at IPL through December 31, 2013.

Weather Conditions - Alliant Energy's electric sales demand is seasonal to some extent with the annual peak normally occurring in the summer months due to air conditioning usage by its residential, commercial and wholesale customers. Cooling degree days (CDD) data is used to measure the variability of temperatures during summer months and is correlated with electric sales demand. Heating degree days (HDD) data is used to measure the variability of temperatures during winter months and is correlated with electric and gas sales demand. Refer to "Utility Gas Margins - Weather Conditions" for details regarding HDD in Alliant Energy's service territories. CDD in Alliant Energy's service territories were as follows:

	Actual			
CDD (a):	2012	2011	2010	Normal (a)
Cedar Rapids, Iowa (IPL)	1,052	887	923	740
Madison, Wisconsin (WPL)	1,070	814	829	625

(a) CDD are calculated using a simple average of the high and low temperatures each day compared to a 65 degree base. Normal degree days are calculated using a rolling 20-year average of historical CDD.

Electric Production Fuel and Energy Purchases (Fuel-related) Cost Recoveries - Alliant Energy burns coal and other fossil fuels to produce electricity at its generating facilities. The cost of fossil fuels used during each period is included in electric production fuel expense. Alliant Energy also purchases electricity to meet the demand of its customers and charges these costs to energy purchases expense. Alliant Energy's electric production fuel expense decreased $61 million, or 14%, and increased $40 million, or 10%, in 2012 and 2011, respectively. The 2012 decrease was largely

due to lower MISO dispatch of Alliant Energy's generating facilities. Alliant Energy's generating facilities were dispatched at a lower level during 2012 because electricity could be purchased in the MISO market at prices that were lower than the cost to generate electricity at certain of Alliant Energy's generating facilities. The 2011 increase was primarily due to higher coal volumes burned at its generating facilities resulting from increased generation needed to serve the higher electricity demand in 2011 and higher delivered coal prices. Alliant Energy's energy purchases expense increased $9 million, or 3%, and decreased $95 million, or 22%, in 2012 and 2011, respectively. The 2012 increase was largely due to increased electricity purchases in the MISO market. The 2011 decrease was primarily due to lower energy prices. The impact of the changes in energy volumes purchased were largely offset by the impact of changes in electricity volumes generated from Alliant Energy's generating facilities and changes in bulk power sales volumes discussed below.

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Due to IPL's rate recovery mechanisms for fuel-related costs, changes in fuel-related costs resulted in comparable changes in electric revenues and, therefore, did not have a significant impact on IPL's electric margins. WPL's rate recovery mechanism for wholesale fuel-related costs also provides for adjustments to its wholesale electric rates for changes in commodity costs, thereby mitigating impacts of changes to commodity costs on its electric margins.

WPL's retail fuel-related costs incurred in 2012 were lower than the forecasted fuel-related costs used to set retail rates during such period. WPL estimates the lower than forecasted retail fuel-related costs increased electric margins by approximately $6 million in 2012. WPL's retail fuel-related costs incurred in 2011 and 2010 were higher than the forecasted fuel-related costs used to set retail rates during such periods. WPL estimates the higher than forecasted retail fuel-related costs decreased electric margins by approximately $4 million and $3 million in 2011 and 2010, respectively.

Refer to "Other Matters - Market Risk Sensitive Instruments and Positions" for discussion of risks associated with increased electric production fuel and energy purchases expenses on WPL's electric margins. Refer to "Rate Matters" and Note 1(h) of the "Combined Notes to Consolidated Financial Statements" for additional information relating to recovery mechanisms for electric production fuel and energy purchases expenses.

Purchased Electric Capacity Expense - Alliant Energy enters into PPAs to help meet the electricity demand of IPL's and WPL's customers. Certain of these PPAs include minimum payments for IPL's and WPL's rights to electric generating capacity. Details of purchased electric capacity expense included in the utility electric margins table above were as follows (in millions):

	2012	2011	2010
DAEC PPA (IPL)	$152	$146	$143
Riverside PPA (WPL)	59	59	58
Kewaunee PPA (WPL)	59	51	72
Other	2	1	7
	$272	$257	$280

At December 31, 2012, the future estimated purchased electric capacity expense related to the DAEC (expires in February 2014) and Kewaunee (expires in December 2013) PPAs were as follows (in millions):

	2013	2014	Total
DAEC PPA (IPL)	$154	$28	$182
Kewaunee PPA (WPL)	62	—	62
	$216	$28	$244

WPL had a PPA with a subsidiary of Calpine Corporation related to Riverside. In December 2012, WPL purchased Riverside and terminated the PPA.

Sales Trends - Retail sales volumes were relatively flat in 2012 and increased 1% in 2011. The 2011 increase was primarily due to higher usage per customer caused by weather conditions in Alliant Energy's service territories and higher sales to industrial customers driven by increased production requirements. These items were largely offset by a decrease in weather-normalized residential sales volumes. Alliant Energy believes the decrease in weather-normalized residential sales volumes in 2011 was largely due to energy efficiency improvements implemented by customers and changes in customer's usage patterns driven by economic challenges.

Wholesale sales volumes decreased 2% and increased 1% in 2012 and 2011, respectively, primarily due to changes in sales to WPL's partial-requirement wholesale customers that have contractual options to be served by WPL, other power supply sources or the MISO market. The 2011 increase was also impacted by changes in weather conditions.

Bulk power and other revenue changes were largely due to changes in sales in the wholesale energy markets operated by MISO and PJM Interconnection, LLC. These changes are impacted by several factors including the availability of Alliant Energy's generating facilities and electricity demand within these wholesale energy markets. Changes in bulk power and other sales revenues were largely offset by changes in fuel-related costs and therefore did not have a significant impact on electric margins.

Alliant Energy, IPL and WPL are currently expecting relatively flat weather-normalized retail electric sales in 2013 compared to 2012. This is driven largely by low customer growth and modest economic growth. Alliant Energy and IPL are currently

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expecting a decrease in credits on Iowa retail electric customers' bills resulting from the electric tax benefit rider during 2013 compared to 2012.

Refer to "Rate Matters" for discussion of IPL's electric tax benefit rider, and IPL and WPL retail rate cases, including a retail electric base rate freeze at WPL through December 31, 2014 and a retail electric base rate freeze at IPL through December 31, 2013. Refer to "Other Future Considerations" for discussion of increased recoveries under the transmission rider related to expected increases in electric transmission service expenses.

Utility Gas Margins - Gas margins are defined as gas operating revenues less cost of gas sold. Management believes that gas margins provide a more meaningful basis for evaluating utility operations than gas operating revenues since cost of gas sold is generally passed through to customers, and therefore results in changes to gas operating revenues that are comparable to changes in cost of gas sold. Gas margins and dekatherm (Dth) sales for Alliant Energy were as follows:

	Revenues and Costs (dollars in millions)					Dths Sold (Dths in thousands)				
	2012	2011	(a)	2010	(b)	2012	2011	(a)	2010	(b)
Residential	$224.3	$269.7	(17%)	$273.7	(1%)	23,071	26,891	(14%)	27,128	(1%)
Commercial	124.3	155.1	(20%)	154.2	1%	17,115	19,271	(11%)	18,691	3%
Industrial	16.7	24.5	(32%)	27.3	(10%)	3,068	3,848	(20%)	4,158	(7%)
Retail subtotal	365.3	449.3	(19%)	455.2	(1%)	43,254	50,010	(14%)	49,977	—%
Transportation/other	31.0	27.4	13%	25.4	8%	57,532	52,210	10%	50,408	4%
Total revenues/sales	396.3	476.7	(17%)	480.6	(1%)	100,786	102,220	(1%)	100,385	2%
Cost of gas sold	217.2	295.2	(26%)	304.0	(3%)					
Margins	$179.1	$181.5	(1%)	$176.6	3%					

(a) Reflects the % change from 2011 to 2012. (b) Reflects the % change from 2010 to 2011.

2012 vs. 2011 Summary - Gas margins decreased $2 million, or 1%, in 2012 largely due to an estimated $13 million decrease in gas margins from changes in sales caused by weather conditions in Alliant Energy's service territories. Estimated increases (decreases) to Alliant Energy's gas margins from the impacts of weather during 2012 and 2011 were ($13) million and $0, respectively. This item was partially offset by an increase in weather-normalized sales volumes at WPL and $5 million of higher gas revenues due to the impact of an interim retail gas base rate increase effective in June 2012 at IPL. Alliant Energy believes the increase in weather-normalized sales volumes is partially due to relatively low natural gas prices.

2011 vs. 2010 Summary - Gas margins increased $5 million, or 3%, in 2011 primarily due to $4 million of higher energy conservation revenues at IPL. Changes in energy conservation revenues are largely offset by changes in energy conservation expenses in 2011.

Natural Gas Cost Recoveries - In 2012 and 2011, Alliant Energy's cost of gas sold decreased $78 million, or 26%, and $9 million, or 3%, respectively. The 2012 and 2011 decreases were primarily due to a decrease in natural gas prices. The 2012 decrease was also due to lower retail gas volumes caused by weather discussed below. Due to Alliant Energy's rate recovery mechanisms for natural gas costs, these changes in cost of gas sold resulted in comparable changes in gas revenues and, therefore, did not have a significant impact on gas margins. Refer to Note 1(h) of the "Combined Notes to Consolidated Financial Statements" for additional information relating to natural gas cost recoveries.

Weather Conditions - Alliant Energy's gas sales demand follows a seasonal pattern with an annual base load of gas and a large heating peak occurring during the winter season. HDD data is used to measure the variability of temperatures

during winter months and is correlated with gas sales demand. HDD in Alliant Energy's service territories were as follows:

	Actual			
HDD (a):	2012	2011	2010	Normal (a)
Cedar Rapids, Iowa (IPL)	5,901	6,745	6,868	6,794
Madison, Wisconsin (WPL)	5,964	6,992	6,798	7,089

(a) HDD are calculated using a simple average of the high and low temperatures each day compared to a 65 degree base. Normal degree days are calculated using a rolling 20-year average of historical HDD.

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Refer to "Rate Matters" for discussion of retail rate cases, including an interim retail gas base rate increase effective June 4, 2012 and final retail gas base rate increase effective January 10, 2013 for IPL's Iowa customers, a retail gas base rate decrease for WPL's customers effective January 1, 2013 and IPL's gas tax benefit rider.

Non-regulated Revenues -
2012 vs. 2011 Summary - Alliant Energy's non-regulated revenues increased $5 million in 2012 primarily due to increased Transportation revenues resulting from increased demand for freight services provided by Alliant Energy's short-line railway company and increased demand for barge terminal and hauling services.

Electric Transmission Service Expenses -
2012 vs. 2011 Summary - Alliant Energy's electric transmission service expense for the utilities increased $18 million in 2012 primarily due to changes in transmission costs at IPL related to transmission services from ITC. The increase was primarily due to $10 million of higher electric transmission service costs billed by ITC to IPL during 2012 compared to 2011 due to a modest increase in transmission service rates, and the impact of IPL utilizing regulatory liabilities to credit a portion of the transmission service expenses billed to IPL by ITC during 2011. IPL is currently recovering the Iowa retail portion of these increased electric transmission service costs from its retail electric customers in Iowa through a pilot transmission cost rider approved by the IUB in January 2011 resulting in an offsetting increase in electric revenues.

2011 vs. 2010 Summary - Alliant Energy's electric transmission service expense for the utilities increased $44 million in 2011 primarily due to higher transmission costs at IPL related to transmission services from ITC. The electric transmission service costs billed by ITC to IPL were $11 million higher in 2011 than those billed by ITC to IPL in 2010. In addition, deferrals and regulatory liability offsets approved by the IUB to reduce transmission service expenses were lower in 2011 compared to 2010 resulting in higher transmission service expense at IPL in 2011. In 2010, IPL deferred $41 million of electric transmission expenses related to the Iowa retail portion of 2008 under-recovered costs billed to IPL by ITC. IPL also utilized $4 million of regulatory liabilities to offset a portion of the Iowa retail electric transmission service expenses incurred in 2010. IPL utilized $19 million of regulatory liabilities to offset transmission service expenses related to the Iowa retail portion of 2009 under-recovered costs billed to IPL by ITC in 2011. The combined impact of the higher electric transmission service costs billed by ITC to IPL and these deferrals and regulatory liability offsets resulted in an increase in IPL's electric transmission service costs of $37 million in 2011.

Refer to "Rate Matters" for additional discussion of the transmission rider approved by the IUB in January 2011. Refer to "Other Future Considerations" for discussion of potential changes in future electric transmission services expenses for IPL and WPL. Refer to Notes 1(b) and 1(h) of the "Combined Notes to Consolidated Financial Statements" for additional information relating to recovery of electric transmission service expenses.

Utility Other Operation and Maintenance Expenses - Alliant Energy's other operation and maintenance expenses for the utilities decreased $40 million and increased $13 million for 2012 and 2011, respectively, due to the following reasons (amounts represent variances between periods in millions):

2012 vs. 2011 Summary:	Alliant Energy	IPL	WPL
Regulatory-related (charges) and credits from IPL's Minnesota electric rate case order recorded in 2011 (a)	($11)	($11)	$—
Lower generation operation and maintenance expenses at IPL (b)	(10)	(10)	—
Additional benefits costs for Cash Balance Plan amendment in 2011 (c)	(10)	(6)	(4)
Regulatory asset impairments in 2011 (d)	(9)	(2)	(7)
	(5)	—	(5)

Regulatory-related credits from WPL's 2013/2014 rate case decision recorded in 2012 (a)			
Wind site impairment charge at WPL in 2011 (e)	(5)	—	(5)
SO2 emission allowance charge allocated to IPL's steam business in 2011 (f)	(2)	(2)	—
Allocated cost of capital charges from Corporate Services in 2012 (g)	9	5	4
Contract cancellation charge at IPL in 2012 (h)	3	3	—
Other	—	(2)	2
	($40)	($25)	($15)

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2011 vs. 2010 Summary:	Alliant Energy	IPL	WPL
Regulatory-related charges and (credits) from IPL's Minnesota electric rate case order recorded in 2011 (a)	$11	$11	$—
Additional benefits costs for Cash Balance Plan amendment in 2011 (c)	10	6	4
Regulatory asset impairments in 2011 (d)	9	2	7
Higher wind turbine operation and maintenance expenses at WPL (i)	7	—	7
Wind site impairment charge at WPL in 2011 (e)	5	—	5
Higher energy conservation cost recovery amortizations at WPL (j)	3	—	3
SO2 emission allowance charges allocated to IPL's steam business in 2011 (f)	2	2	—
Regulatory-related (charges) and credits from IPL's Iowa electric rate case order recorded in 2010 (a)	(20)	(20)	—
Lower other postretirement benefits costs (k)	(10)	(6)	(4)
Restructuring charges in 2010 (l)	(4)	(2)	(2)
Asset impairment in 2010 related to Sixth Street (m)	(4)	(4)	—
Other	4	1	3
	$13	($10)	$23

(a) Refer to Notes 1(b) and 1(e) of the "Combined Notes to Consolidated Financial Statements" for details of regulatory-related charges and credits incurred by Alliant Energy, IPL and WPL in 2010, 2011 and 2012 due to the decisions by the IUB in IPL's Iowa retail electric rate case (2009 test year) in 2010, decisions by the MPUC in IPL's Minnesota retail electric rate case (2009 test year) in 2011 and decisions by the PSCW in WPL's Wisconsin retail electric and gas rate case (2013/2014 test period) in 2012. IPL also recognized a $7 million impairment charge in 2010 related to the remaining net book value of Sixth Street that the IUB did not allow IPL to recover as part of the decisions in IPL's Iowa retail electric rate case (2009 test year).

(b) Primarily resulting from the timing of maintenance projects at IPL's electric generating facilities.

(c) Refer to Notes 6(a) and 13(c) of the "Combined Notes to Consolidated Financial Statements" for details of the additional benefit costs incurred by Alliant Energy, IPL and WPL in 2011 resulting from an amendment to the Cash Balance Plan and details of the Cash Balance Plan lawsuit.

(d) Refer to Note 1(b) of the "Combined Notes to Consolidated Financial Statements" for details of regulatory asset impairments incurred by Alliant Energy, IPL and WPL in 2011.

(e) Refer to Note 1(e) of the "Combined Notes to Consolidated Financial Statements" for details of the wind site impairment charge recorded by Alliant Energy and WPL in 2011.

(f) Refer to Note 1(b) of the "Combined Notes to Consolidated Financial Statements" for details of the SO2 emission allowance charges recorded by Alliant Energy and IPL in 2011.

(g) Cost of capital charges allocated by Corporate Services to IPL and WPL in accordance with a new service agreement effective in 2012.

(h) Due to the cancellation of a services agreement for one of IPL's electric generating facilities in 2012.

(i) Alliant Energy and WPL started to incur operation and maintenance expenses to operate WPL's Bent Tree - Phase I wind project in late 2010 when the wind project began generating electricity.

(j) WPL's 2011 test year base retail electric rate case resulted in higher energy conservation cost recovery amortizations effective in January 2011.

(k) Changes in pension and other postretirement benefits costs are largely based on changes in plan assets caused by contributions and returns on plan assets, changes in discount rates used to measure benefit obligations and plan amendments. An amendment to the defined benefit postretirement health care plans in 2011 resulted in lower other postretirement benefits costs in 2011. Refer to Note 6(a) of the "Combined Notes to Consolidated Financial Statements" for further details. These variance amounts exclude the portion of pension and other postretirement benefits costs allocated to capital projects.

(l) Resulting from the elimination of certain corporate and operations positions in 2010.

(m) Alliant Energy and IPL recognized a $4 million impairment in 2010 related to IPL's Sixth Street electric assets as a result of a decision not to rebuild electric operations at Sixth Street.

Alliant Energy and WPL currently expect their other operation and maintenance expenses to decrease in 2013 as compared to 2012 due to decreases in regulatory amortizations at WPL related to energy conservation that were approved in WPL's 2013/2014 test period electric and gas base rate case and decreases in retirement plan costs. These items are expected to be partially offset by additional operation and maintenance expenses associated with Riverside, which WPL acquired in December 2012. Refer to "Other Future Considerations" for discussion of expected changes in retirement plan costs.

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Depreciation and Amortization Expenses -
2012 vs. 2011 Summary - Depreciation and amortization expenses increased $11 million in 2012 primarily due to higher depreciation rates at IPL effective January 1, 2012 resulting from IPL's most recent depreciation study, and property additions at IPL and WPL. These items were partially offset by the impact of regulatory-related charges and credits to depreciation expense in 2012 compared to 2011 at WPL.

2011 vs. 2010 Summary - Depreciation and amortization expenses increased $33 million in 2011 primarily due to property additions, including $17 million of depreciation expense recognized in 2011 related to WPL's Bent Tree - Phase I wind project, which began generating electricity in late 2010. Also contributing to the increase in 2011 was a depreciation adjustment recorded in 2010 at WPL, which is not anticipated to have a material impact on future periods.

Alliant Energy and WPL currently expect their depreciation expense to increase in 2013 as compared to 2012 primarily due to property additions, including the full year impact of depreciation from WPL's purchase of Riverside in December 2012, depreciation from certain large projects placed in service in the fourth quarter of 2012, including WPL's SCR project at Edgewater Unit 5 and Resources' Franklin County wind project, and property additions in 2013.

Interest Expense -
2012 vs. 2011 Summary - Alliant Energy's interest expense decreased $2 million in 2012 primarily due to $3 million of higher capitalized interest recognized in 2012 for the Franklin County wind project.

2011 vs. 2010 Summary - Alliant Energy's interest expense decreased $5 million in 2011 due to the following reasons (amounts represent variances between periods in millions):

	Alliant Energy	IPL	WPL
Interest expense variances from certain issuances of long-term debt:			
IPL's $200 million of 3.65% senior debentures issued in August 2010	$5	$5	$—
WPL's $150 million of 4.6% debentures issued in June 2010	3	—	3
IPL's $150 million of 3.3% senior debentures issued in June 2010	2	2	—
Interest expense variances from certain reductions in long-term debt:			
IPL's $200 million of 6.75% senior debentures retired in September 2010	(10)	(10)	—
WPL's $100 million of 7.625% debentures retired in March 2010	(1)	—	(1)
Other (Alliant Energy variance includes impact of $3 million of capitalized interest in 2011 for the Franklin County wind project)	(4)	(1)	(1)
	($5)	($4)	$1

Alliant Energy and WPL currently expect their interest expense to increase in 2013 as compared to 2012 due to financings related to WPL's purchase of Riverside in December 2012.

Refer to Note 9 of the "Combined Notes to Consolidated Financial Statements" for additional details of debt.

AFUDC -
2012 vs. 2011 Summary - AFUDC increased $10 million in 2012 primarily due to AFUDC recognized in 2012 for WPL's emission controls projects at Columbia Units 1 and 2, and Edgewater Unit 5, and IPL's emission controls projects at Ottumwa Unit 1 and George Neal Units 3 and 4.

2011 vs. 2010 Summary - AFUDC decreased $6 million in 2011 primarily due to $10 million of AFUDC recognized in 2010 for WPL's Bent Tree - Phase I wind project. This item was partially offset by $3 million of AFUDC

recognized in 2011 for WPL's Edgewater Unit 5 emission controls project.

Alliant Energy and IPL currently expect AFUDC to increase in 2013 as compared to 2012 primarily due to increased construction work in progress balances related to environmental projects at Ottumwa Unit 1, George Neal Units 3 and 4, and Lansing Unit 4.

Income Taxes - The effective income tax rates for Alliant Energy's continuing operations were 20.8%, 16.9% and 32.3% for 2012, 2011 and 2010, respectively. Details of the effective income tax rates were as follows:

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	2012		2011		2010	
Statutory federal income tax rate	35.0	%	35.0	%	35.0	%
State apportionment change due to announced sale of RMT	3.5		—		—	
IPL's electric tax benefit rider	(11.2)		(8.8)		—	
Production tax credits	(5.8)		(6.6)		(2.4)	
Effect of rate-making on property-related differences	(5.0)		(2.0)		(4.2)	
Wisconsin tax legislation enacted in June 2011	—		(4.6)		—	
Federal Health Care Legislation enacted in March 2010	—		—		1.6	
IRS audit completed in September 2010	—		—		(1.4)	
Other items, net	4.3		3.9		3.7	
Overall income tax rate	20.8	%	16.9	%	32.3	%

2012 vs. 2011 Summary - The increase in the effective income tax rate for Alliant Energy's continuing operations was primarily due to the reversal of $19 million of valuation allowances in 2011 due to passage of Wisconsin tax legislation, which changed the ability of companies to use prior net operating losses, and a $15 million state apportionment charge due to the announced sale of RMT in 2012. These items were partially offset by the impact of $13 million of additional income tax benefits in 2012 from the effect of rate-making on property-related differences resulting from changes in accounting methodologies for IPL's allocation of mixed services costs and recording of repair expenditures, and an additional $12 million of income tax benefits in 2012 related to IPL's tax benefit rider that began in 2011.

2011 vs. 2010 Summary - The decrease in the effective income tax rate for Alliant Energy's continuing operations was primarily related to the impact of $36 million of income tax benefits related to IPL's tax benefit rider that began in 2011 and the reversal of $19 million of valuation allowances in 2011 due to passage of Wisconsin tax legislation. In addition, Alliant Energy had $16 million of higher production tax credits in 2011 due to WPL's Bent Tree - Phase I wind project, which began generating electricity in late 2010, and increased electricity generated from IPL's Whispering Willow - East wind project primarily due to fewer transmission constraints in 2011 and $7 million of income tax expense recognized in 2010 related to the impacts of the Federal Health Care Legislation. These items were partially offset by higher state income taxes at IPL related to property-related differences for which Iowa deferred tax is not recorded in the income statement pursuant to Iowa rate-making principles, and $7 million of income tax benefits recorded in 2010 related to the impact of the IRS completing audits of Alliant Energy's U.S. federal income tax returns for calendar years 2005 through 2008.

Refer to Note 5 of the "Combined Notes to Consolidated Financial Statements" for additional discussion of state apportionment changes, IPL's tax benefit rider implemented in 2011, production tax credits, tax effect of rate-making on property-related differences at IPL, Wisconsin tax legislation enacted in 2011, Federal Health Care Legislation enacted in 2010, and an IRS audit completed in 2010. Refer to "Rate Matters" for discussion of IPL's tax benefit rider. Refer to "Critical Accounting Policies and Estimates - Income Taxes" for discussion of the effect of rate-making on property differences at IPL and changes to state apportionment projections resulting from Alliant Energy's decision in February 2012 to sell RMT. Refer to "Other Future Considerations" for discussion of possible impacts to Alliant Energy's future income taxes resulting from potential tax accounting method changes and trends in IPL's and WPL's production tax credits.

Loss from Discontinued Operations, Net of Tax - RMT's net loss in 2011 was largely driven by losses associated with certain large solar projects. Schedule delays, abandonment of work by the original subcontractor and the need to hire additional subcontractors to complete the solar projects in a timely manner resulted in significant additional costs for RMT in 2011. Refer to Note 17 of the "Combined Notes to Consolidated Financial Statements" for additional discussion of Alliant Energy's discontinued operations.

Preferred Dividend Requirements of Subsidiaries -
2012 vs. 2011 Summary - Preferred dividend requirements of subsidiaries decreased $2 million in 2012 primarily due to a $2 million charge in the first quarter of 2011 related to IPL's redemption of its 7.10% cumulative preferred stock in 2011.

In February 2013, IPL announced it will redeem all 6,000,000 outstanding shares of its 8.375% cumulative preferred stock in March 2013 at par value for approximately $150 million plus accrued and unpaid dividends to the redemption date. In February 2013, WPL announced it will redeem all 1,049,225 outstanding shares of its 4.40% through 6.50% cumulative preferred stock in March 2013 for approximately $61 million plus accrued and unpaid dividends to the redemption date. As a result of these preferred stock redemptions, Alliant Energy, IPL and WPL expect to record a charge of $6 million, $5 million and $1 million, respectively, in the first quarter of 2013 in "Preferred dividend requirements" in their Consolidated Statements of Income.

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IPL'S RESULTS OF OPERATIONS

Overview - Earnings available for common stock increased $13 million and decreased $4 million in 2012 and 2011, respectively. The 2012 increase was primarily due to regulatory-related charges and credits from the Minnesota 2009 test year base rate case recorded in 2011, a lower effective income tax rate and lower generation operation and maintenance expenses. These items were partially offset by higher depreciation and amortization expenses due to higher depreciation rates effective January 1, 2012, decreases in electric and gas margins from lower sales caused by weather conditions in 2012 and higher purchased electric capacity expenses related to the DAEC PPA. The 2011 decrease was primarily due to higher electric transmission service expenses, net of recoveries, higher state income taxes at IPL related to property-related differences for which Iowa deferred tax is not recorded in the income statement due to Iowa rate making principles and income tax benefits recognized in 2010 related to the completion of an IRS audit. These items were partially offset by the impact of base retail electric rate increases (excluding fuel cost recoveries and transmission rider) from the Iowa and Minnesota 2009 test year base rate cases and lower net regulatory-related charges and credits from such base rate case decisions.

Electric Margins - Electric margins are defined as electric operating revenues less electric production fuel, energy purchases and purchased electric capacity expenses. Management believes that electric margins provide a more meaningful basis for evaluating utility operations than electric operating revenues since electric production fuel, energy purchases and purchased electric capacity expenses are generally passed through to customers, and therefore result in changes to electric operating revenues that are comparable to changes in electric production fuel, energy purchases and purchased electric capacity expenses. Electric margins and MWh sales for IPL were as follows:

	Revenues and Costs (dollars in millions)					MWhs Sold (MWhs in thousands)				
	2012	2011	(a)	2010	(b)	2012	2011	(a)	2010	(b)
Residential	$529.9	$543.2	(2%)	$561.9	(3%)	4,141	4,223	(2%)	4,295	(2%)
Commercial	365.3	366.0	—%	378.7	(3%)	4,045	3,953			