ALLIANT ENERGY CORP
Form 10-K
February 25, 2015
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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, 2014

or

.. TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

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

This combined Form 10-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	5.100% Series D Cumulative Perpetual Preferred Stock, $0.01 Par Value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

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, 2014:

Alliant Energy Corporation	$6.7 billion
Interstate Power and Light Company	$—
Wisconsin Power and Light Company	$—

Number of shares outstanding of each class of common stock as of January 30, 2015:

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

Wisconsin Power and Light Company	Common stock, $5 par value, 13,236,601 shares outstanding (all of which are owned beneficially and of record by Alliant Energy Corporation)

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement relating to Alliant Energy Corporation's 2015 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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DEFINITIONS

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

Abbreviation or Acronym	Definition
2015 Alliant Energy Proxy Statement	Alliant Energy's Proxy Statement for the 2015 Annual Meeting of Shareowners
AFUDC	Allowance for funds used during construction
Alliant Energy	Alliant Energy Corporation
ANR	ANR Pipeline
AOCL	Accumulated other comprehensive loss
ARO	Asset retirement obligation
ARR	Auction revenue right
ARRA	American Recovery and Reinvestment Act of 2009
ATC	American Transmission Company LLC
ATI	AE Transco Investments, LLC
Audit Committee	Audit Committee of the Board of Directors
BART	Best available retrofit technology
Bent Tree	Bent Tree - Phase I wind project
CA	Certificate of authority
CAA	Clean Air Act
CAIR	Clean Air Interstate Rule
CAO	Chief Accounting Officer
Cash Balance Plan	Alliant Energy Cash Balance Pension Plan
CAVR	Clean Air Visibility Rule
CCR	Coal combustion residuals
CDD	Cooling degree days
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CO2	Carbon dioxide
CO2e	Carbon dioxide-equivalent
Columbia	Columbia Energy Center
Corporate Services	Alliant Energy Corporate Services, Inc.
Court	U.S. District Court for the Western District of Wisconsin
CPCN	Certificate of Public Convenience and Necessity
CRANDIC	Cedar Rapids and Iowa City Railway Company
CSAPR	Cross-State Air Pollution Rule
CWIP	Construction work in progress
DAEC	Duane Arnold Energy Center
D.C. Circuit Court	U.S. Court of Appeals for the D.C. Circuit
DCP	Alliant Energy Deferred Compensation Plan
DLIP	Alliant Energy Director Long Term Incentive Plan
DNR	Department of Natural Resources
Dth	Dekatherm
Edgewater	Edgewater Generating Station
EECR	Energy efficiency cost recovery
EEP	Energy efficiency plan
EGU	Electric generating unit
Emery	Emery Generating Station

EPA	U.S. Environmental Protection Agency
EPB	Emissions plan and budget
EPS	Earnings per weighted average common share
EVP	Executive Vice President
FASB	Financial Accounting Standards Board
FCS	Firm Citygate Supplies
FERC	Federal Energy Regulatory Commission
Financial Statements	Consolidated Financial Statements
FTIP Act	Federal Tax Increase Prevention Act
FTR	Financial transmission right
Fuel-related	Electric production fuel and energy purchases
FWS	U.S. Fish and Wildlife Service
GAAP	U.S. generally accepted accounting principles
GHG	Greenhouse gases
HAP	Hazardous air pollutants
HDD	Heating degree days

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Abbreviation or Acronym	Definition
IBEW	International Brotherhood of Electrical Workers
IPL	Interstate Power and Light Company
IRS	Internal Revenue Service
ITC	ITC Midwest LLC
IUB	Iowa Utilities Board
Jo-Carroll	Jo-Carroll Energy, Inc.
KEESA	Key Executive Employment and Severance Agreement
Kewaunee	Kewaunee Nuclear Power Plant
KWh	Kilowatt-hour
MACT	Maximum achievable control technology
Marshalltown	Marshalltown Generating Station
MATS	Mercury and Air Toxic Standard
MDA	Management's Discussion and Analysis of Financial Condition and Results of Operations
MGP	Manufactured gas plant
MISO	Midcontinent Independent System Operator, Inc.
MPUC	Minnesota Public Utilities Commission
MVP	Multi-value project
MW	Megawatt
MWh	Megawatt-hour
N.A.	National Association
N/A	Not applicable
NAAQS	National Ambient Air Quality Standards
NBPL	Northern Border Pipeline Company
Neenah	Neenah Energy Facility
Nelson Dewey	Nelson Dewey Generating Station
Note(s)	Combined Notes to Consolidated Financial Statements
NGPL	Natural Gas Pipeline Co. of America
NNG	Northern Natural Gas Company
NO2	Nitrogen dioxide
NOx	Nitrogen oxide
OIP	Alliant Energy 2010 Omnibus Incentive Plan
OPEB	Other postretirement benefits
PJM	PJM Interconnection, LLC
PM	Particulate matter
PPA	Purchased power agreement
PSCW	Public Service Commission of Wisconsin
PSD	Prevention of Significant Deterioration
REC	Renewable energy credit
Receivables Agreement	Receivables Purchase and Sale Agreement
RES	Renewable energy standards
Resources	Alliant Energy Resources, LLC
Riverside	Riverside Energy Center
RMT	RMT, Inc.
RPS	Renewable portfolio standard
SCR	Selective catalytic reduction
SEC	Securities and Exchange Commission

Sheboygan Falls	Sheboygan Falls Energy Facility
SIP	State implementation plan
SO2	Sulfur dioxide
SRP	Supplemental Retirement Plan
SSR	System Support Resource
TBD	To be determined
U.S.	United States of America
VEBA	Voluntary Employees' Beneficiary Association
VIE	Variable interest entity
VP	Vice President
WACC	Weighted-average cost of capital
Whiting Petroleum	Whiting Petroleum Corporation
WPL	Wisconsin Power and Light Company
WPL Transco	WPL Transco, LLC

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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 “may,” “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, IPL and WPL that could materially affect actual results include:

- federal and state regulatory or governmental actions, including the impact of energy, tax, financial and health care legislation, and of regulatory agency orders;
- IPL’s and WPL’s ability to obtain adequate and timely rate relief to allow for, among other things, the recovery of fuel costs, operating costs, transmission costs, deferred expenditures, capital expenditures, and remaining costs related to EGUs that may be permanently closed, earning their authorized rates of return, and the payments to their parent of expected levels of dividends;
- the ability to continue cost controls and operational efficiencies;
- the impact of IPL’s retail electric base rate freeze in Iowa during 2015 and 2016;
- the impact of WPL’s retail electric and gas base rate freeze in Wisconsin during 2015 and 2016;
- weather effects on results of utility operations, including impacts of temperature changes in IPL’s and WPL’s service territories on customers’ demand for electricity and gas;
- the impact of the economy in IPL’s and WPL’s service territories and the resulting impacts on sales volumes, margins and the ability to collect unpaid bills;
- the impact of customer- and third party-owned generation, including alternative electric suppliers, in IPL’s and WPL’s service territories on system reliability, operating expenses and customers’ demand for electricity;
- the impact of energy efficiency, franchise retention, customer- and third party-owned generation and customer disconnects on sales volumes and margins;
- developments that adversely impact the ability to implement the strategic plan, including unanticipated issues with new emission controls equipment for various coal-fired EGUs of IPL and WPL, IPL’s construction of Marshalltown, WPL’s proposed Riverside expansion, various replacements and expansion of IPL’s and WPL’s natural gas distribution systems, Resources’ electricity output and selling price of such output from its Franklin County wind project, the potential decommissioning of certain EGUs of IPL and WPL, and the anticipated sales of IPL’s electric and gas distribution assets in Minnesota;
- issues related to the availability and operations of EGUs, including start-up risks, breakdown or failure of equipment, performance below expected or contracted levels of output or efficiency, operator error, transmission constraints, compliance with mandatory reliability standards and risks related to recovery of resulting incremental costs through rates;
- disruptions in the supply and delivery of coal, natural gas and purchased electricity;
- changes in the price of delivered coal, natural gas and purchased electricity due to shifts in supply and demand caused by market conditions and regulations, and the ability to recover and to retain the recovery of related changes in purchased power, fuel and fuel-related costs through rates in a timely manner;
- the impact that price changes may have on IPL’s and WPL’s customers’ demand for electric, gas and steam services and their ability to pay their bills;
- issues associated with environmental remediation and environmental compliance, including compliance with the Consent Decree between WPL, the Sierra Club and the EPA, future changes in environmental laws and regulations, including the EPA’s recently issued proposed regulations for CO2 emissions reductions from new and existing fossil-fueled EGUs and the final CCR rule, and litigation associated with environmental requirements;
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the ability to defend against environmental claims brought by state and federal agencies, such as the EPA, state natural resources agencies or third parties, such as the Sierra Club, and the impact on operating expenses of defending and resolving such claims;

- the ability to recover through rates all environmental compliance and remediation costs, including costs for projects put on hold due to uncertainty of future environmental laws and regulations;
- impacts that storms or natural disasters in IPL's and WPL's service territories may have on their operations and recovery of, and rate relief for, costs associated with restoration activities;
- the direct or indirect effects resulting from terrorist incidents, including physical attacks and cyber attacks, or responses to such incidents;

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- the impact of penalties or third-party claims related to, or in connection with, a failure to maintain the security of personally identifiable information, including associated costs to notify affected persons and to mitigate their information security concerns;
- the direct or indirect effects resulting from breakdown or failure of equipment in the operation of natural gas distribution systems, such as leaks, explosions and mechanical problems, and compliance with natural gas distribution safety regulations, such as those that may be issued by the Pipeline and Hazardous Materials Safety Administration;
- risks associated with deployment and integration of a new customer billing and information system expected in 2015;
- impacts of IPL's future tax benefits from Iowa rate-making practices, including deductions for repairs expenditures and allocation of mixed service costs, and recoverability of the associated regulatory assets from customers, when the differences reverse in future periods;
- any material post-closing adjustments related to any past asset divestitures, including the sale of RMT, which could result from, among other things, warranties, parental guarantees or litigation;
- continued access to the capital markets on competitive terms and rates, and the actions of credit rating agencies;
- inflation and interest rates;
- changes to the creditworthiness of counterparties with which Alliant Energy, IPL and WPL have contractual arrangements, including participants in the energy markets and fuel suppliers and transporters;
- issues related to electric transmission, including operating in Regional Transmission Organization energy and ancillary services markets, the impacts of potential future billing adjustments and cost allocation changes from Regional Transmission Organizations and recovery of costs incurred;
- changes made by FERC to ATC's authorized return on equity;
- current or future litigation, regulatory investigations, proceedings or inquiries;
- Alliant Energy's ability to sustain its dividend payout ratio goal;
- employee workforce factors, including changes in key executives, collective bargaining agreements and negotiations, work stoppages or restructurings;
- access to technological developments;
- changes in technology that alter the channels through which electric customers buy or utilize power;
- material changes in retirement and benefit plan costs;
- the impact of performance-based compensation plans accruals;
- the effect of accounting pronouncements issued periodically by standard-setting bodies, including a new revenue recognition standard, which is currently expected to be adopted in 2017;
- the impact of changes to production tax credits for wind projects;
- the impact of adjustments made to deferred tax assets and liabilities from state apportionment assumptions;
- the ability to utilize tax credits and net operating losses generated to date, and those that may be generated in the future, before they expire;
- the ability to successfully complete tax audits and changes in tax accounting methods, including changes required by new tangible property regulations with no material impact on earnings and cash flows; and
- factors listed in MDA and 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, except as required by law.

WEBSITE ACCESS TO REPORTS

Alliant Energy, IPL and WPL make their periodic and current reports, and amendments to those reports, available, free of charge, on Alliant Energy's website at www.alliantenergy.com/investors on the same day as such material is electronically filed with, or furnished to, the SEC. Alliant Energy, IPL and WPL are not including the information contained on Alliant Energy's website as a part of, or incorporating it by reference into, this Annual Report on Form 10-K, except as required by law.

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PART I

This Annual Report on Form 10-K includes information relating to Alliant Energy, IPL and WPL (as well as Resources and Corporate Services). Where appropriate, information relating to a specific entity has been segregated and labeled as such. Unless otherwise noted, the information herein excludes 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 electric and natural gas service to approximately 1 million electric and approximately 420,000 natural gas customers in the Midwest through its two public utility subsidiaries, IPL and WPL. The primary first tier wholly-owned subsidiaries of Alliant Energy are: IPL, WPL, Resources and 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 select markets in Iowa and southern Minnesota. In Iowa, IPL provides utility services to incorporated communities as directed by the 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, 2014, IPL supplied electric and natural gas service to approximately 529,000 and 235,000 retail customers, respectively. IPL is also engaged in the generation and distribution of steam for two customers in Cedar Rapids, Iowa. In 2014, 2013 and 2012, IPL had no single customer for which electric, gas, steam and/or other sales accounted for 10% or more of IPL's consolidated revenues. Refer to Note 3 for discussion of IPL's anticipated sales of its Minnesota electric and natural gas distribution assets.

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 select 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, 2014, WPL supplied electric and natural gas service to approximately 463,000 and 185,000 retail customers, respectively. In 2014, 2013 and 2012, WPL had no single customer for which electric, gas and/or other sales accounted for 10% or more of WPL's consolidated revenues. WPL's consolidated subsidiary, WPL Transco, holds Alliant Energy's investment in ATC. Refer to Note 6(a) for further discussion of 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, IPL, WPL and Resources.

Refer to Note 17 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, 2014, 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	1,143	623	1,766	65	%
WPL	1,128	263	1,391	81	%
Corporate Services	24	915	939	3	%
Resources	88	28	116	76	%
	2,383	1,829	4,212	57	%

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At December 31, 2014, Alliant Energy employees covered by collective bargaining agreements were as follows:

	Number of Employees	Contract Expiration Date
IPL:		
IBEW Local 204 (Cedar Rapids)	770	8/31/17
IBEW - Various	373	Various
	1,143	
WPL - IBEW Local 965	1,128	5/31/19
Resources - Various	88	Various
Corporate Services - IBEW Local 204	24	10/31/16
	2,383	

2) CAPITAL EXPENDITURE AND INVESTMENT PLANS - Refer to "Liquidity and Capital Resources" in MDA for discussion of anticipated construction and acquisition expenditures for 2015 through 2018.

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.

FERC -
Public Utility Holding Company Act of 2005 - Alliant Energy is registered with FERC as a public utility holding company, pursuant to the Public Utility Holding Company Act of 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 the Public Utility Holding Company Act of 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 to provide oversight by FERC. FERC designated North American Electric Reliability Corporation as the overarching Electric Reliability Organization. Midwest Reliability Organization, which is a regional member of North American Electric Reliability Corporation, 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 IPL's securities, 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 MISO and PJM markets and in transactions directly with third parties, 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 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 on the use of the ITC and ATC transmission systems, respectively. Due to the formula rates used by ITC and ATC to charge their customers and possible future changes to these rates, there is uncertainty regarding IPL's and WPL's future electric transmission service expense. Refer to "Other Future Considerations" in MDA for further discussion of electric

transmission service expense.

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.

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, sales of assets with values that exceed 3% of IPL’s revenues for its Iowa jurisdiction, and approval of the location and construction of EGUs.

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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.

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 - Electric transmission service expense is billed to IPL's Iowa retail electric customers through a transmission cost rider. This cost recovery mechanism provides for subsequent adjustments to electric rates charged to Iowa retail electric customers for changes in electric transmission service expense. 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 final decision in IPL's next retail electric base rate case, at which time the rider will continue in its current form, continue in a modified form or be terminated.

Energy Efficiency Cost Recovery Mechanism - In accordance with Iowa law, IPL is required to file an 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 expense from prior periods.

Electric Generating Units - 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, EGU located in Iowa with 25 MW or more of capacity. IPL's ownership and operation of EGUs (including those located outside the state of Iowa) to serve Iowa customers is subject to retail utility rate regulation by the IUB.

Gas Distribution Projects - IPL must obtain a pipeline permit from the IUB related to the citing of certain utility gas pipelines in Iowa.

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

Electric Generating Unit Emission Controls Projects - IPL is required to submit an EPB biennially to the IUB setting out a multi-year plan and budget for managing regulated emissions from its coal-fired EGUs in a cost-effective manner. IPL must simultaneously submit this plan and budget to the Iowa DNR for a determination of whether the plan and budget meet state environmental requirements for regulated emissions. The reasonable costs associated with implementing the approved plan are expected to be included in IPL's future retail electric rates.

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 EGUs 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. Currently, WPL is required to defer a portion of its earnings if its annual regulatory return on common equity exceeds certain levels and is allowed to request a change in retail base rates if its annual return on common equity falls below a certain level.

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Retail Commodity Cost Recovery Mechanisms -
Electric - WPL's retail electric base rates include estimates of annual fuel-related 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. Deferrals 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.

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.

Retail Electric Transmission Cost Recovery - WPL's retail electric base rates include estimates of electric transmission service expense anticipated during the forward-looking test period. A majority of WPL's electric transmission service expense in 2015 and 2016 will be subject to a reconciliation of such estimated amounts to actual costs incurred with any difference deferred for inclusion in future base rate changes.

Energy Efficiency Cost Recovery - WPL contributes a certain percentage of its annual 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 a future base rate proceeding.

New Electric Generating Units - A CA application is required to be filed with the PSCW for construction approval of any new EGU with a capacity of less than 100 MW and a project cost of $10 million or more. WPL must obtain a CPCN from the PSCW in order to construct a new EGU in Wisconsin with a capacity of 100 MW or more. In addition, WPL's ownership and operation of EGUs (including those located outside the state of Wisconsin) to serve Wisconsin customers is subject to retail utility rate regulation by the PSCW.

Electric Generating Unit Upgrades - A CA application is required to be filed with the PSCW for construction approval of any additions to EGUs, including emission controls projects. The current PSCW rules require a CA application for such projects with an estimated project cost of $10 million or more.

Gas Distribution Projects - A CA application is required to be filed with the PSCW for construction approval of gas projects with an estimated project cost of $2.5 million or more and at any time that WPL requests to extend gas service to a new portion of its service territory.

Advance Rate-making Principles - Wisconsin law provides Wisconsin utilities with the opportunity to request rate-making principles prior to the purchase or construction of any nuclear or fossil-fueled EGU 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 law. WPL can proceed with an approved project under traditional rate-making terms or accept authorized rate-making principles under Wisconsin law.

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, affiliate transactions, and approval of the location and construction of EGUs 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 can be implemented 60 days after the filing date, with regulatory review. 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 after 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.

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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. IPL currently utilizes this mechanism to recover costs associated with its Whispering Willow - East wind project located in Iowa and production tax credits.

Refer to Note 3 for discussion of IPL's anticipated sales of its Minnesota electric and natural gas distribution assets.

Environmental - Extensive environmental laws and regulations are applicable as a result of current and past operations. The environmental laws and regulations relate 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, including former MGP sites.

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.

Federal, state and local permits are regularly obtained to assure compliance with environmental laws and regulations. Costs associated with such compliance have increased in recent years and are expected to continue to increase in the future. Prudently incurred compliance and remediation costs for IPL and WPL are anticipated to be recoverable, in whole or part, through future rate case proceedings. Refer to "Environmental Matters" in MDA and Note 16(e) for further discussion of electric and gas environmental matters, including current or proposed environmental regulations. Refer to "Strategic Overview - Environmental Compliance Plans" in MDA for details of future environmental compliance plans to adhere to applicable environmental requirements.

Refer to Notes 1(b), 1(g), 2 and 16(e) and "Rate Matters" and "Environmental 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.

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 and the unallocated portions of the utility business. In 2014, 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	
Electric	81	%	80	%	84	%	92	%
Gas	16	%	12	%	15	%	9	%
Other	3	%	8	%	1	%	(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. In September 2013, IPL signed a definitive agreement to sell its Minnesota electric distribution assets. Refer to Note 3 for discussion of this anticipated sale. Refer to the "Electric Operating Information" tables for additional details regarding electric utility operations.

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

	2014		2013		2012	
	Amount	Percent	Amount	Percent	Amount	Percent
IPL:						
Iowa	$1,415.0	52 %	$1,416.3	52 %	$1,295.5	50 %
Minnesota	78.3	3 %	75.5	3 %	75.6	3 %
Subtotal	1,493.3	55 %	1,491.8	55 %	1,371.1	53 %
WPL:						
Wisconsin	1,220.3	45 %	1,197.2	45 %	1,218.2	47 %
	$2,713.6	100 %	$2,689.0	100 %	$2,589.3	100 %

The percentage of regulated electric utility revenues were as follows:

	IPL			WPL		
	2014	2013	2012	2014	2013	2012
IUB	93 %	93 %	92 %	— %	— %	— %
PSCW	— %	— %	— %	86 %	85 %	86 %
MPUC	5 %	5 %	5 %	— %	— %	— %
FERC	2 %	2 %	3 %	14 %	15 %	14 %
	100 %	100 %	100 %	100 %	100 %	100 %

Customers - The number of electric customers and communities served at December 31, 2014 was as follows:

	Retail Customers				Wholesale	Other	Total	Communities
	Iowa	Minnesota	Wisconsin	Total	Customers	Customers	Customers	Served
IPL	486,854	42,338	—	529,192	7	1,378	530,577	752
WPL	—	—	463,139	463,139	21	2,256	465,416	607
	486,854	42,338	463,139	992,331	28	3,634	995,993	1,359

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. Electric transmission service expense is billed to IPL's Iowa retail electric customers through a transmission cost rider. This cost recovery mechanism provides for subsequent adjustments to electric rates charged to Iowa electric retail customers for changes in electric transmission service expense. IPL's fuel-related 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 fuel-related costs, purchased electric capacity costs, electric transmission service costs and other costs required to serve customers. WPL defers fuel-related costs that exceed or fall below established fuel monitoring ranges through an electric fuel cost recovery mechanism. Deferrals 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. Refer to "Rate Matters" in MDA for details of IPL's settlement agreement approved by the IUB in September 2014 and WPL's retail electric and gas base rate case approved by the PSCW in July 2014. Refer to Note 2 for additional discussion of utility rate cases.

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 majority of IPL's and WPL's wholesale service agreements have terms that end

after 2016. Refer to "Other Future Considerations" in MDA for discussion of notifications provided to each of IPL and WPL to terminate certain of their wholesale power supply agreements. Refer to Note 3 for discussion of IPL's Minnesota electric distribution asset sales agreement, which includes a wholesale power supply agreement that is subject to FERC approval.

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.

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Seasonality - Electric sales are seasonal to some extent with the annual peak normally occurring in the summer months due to air conditioning requirements. Electric sales are also impacted to a certain extent in the winter months due to heating requirements. In 2014, the maximum peak hour demands were as follows:

	Summer Peak		Winter Peak	
	MW	Date	MW	Date
Alliant Energy	5,426	July 22	4,803	January 6
IPL	2,840	September 4	2,601	January 6
WPL	2,594	July 22	2,202	January 6

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

Renewable Energy Standards - 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 has requirements to comply with RES in both Iowa and Minnesota and primarily relies upon RECs generated from the wind projects it owns and renewable energy acquired under PPAs to meet such requirements. IPL allocates its portfolio of 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 is permitted to use its surplus of RECs in Iowa to meet its 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 49.8 MW of nameplate capacity from alternate energy or small hydro facilities located in its service area. IPL currently exceeds this Iowa requirement.

Minnesota - IPL’s total Minnesota retail electric sales supplied with renewable energy sources must be at least 12% currently and 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 has met the 12% requirement and 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 anticipated Iowa excess supply.

In addition to the above Minnesota requirement, IPL’s total Minnesota retail electric sales supplied with solar power must be at least 1.5% by 2020. IPL currently estimates that approximately 10 MW of solar power would be needed for compliance with this requirement by 2020.

WPL - The Wisconsin RES requires WPL to increase the portion of its 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 RES required a 2% increase above the benchmark by 2010 and will require a 6% increase above the benchmark by 2015. Based on this RES, 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. WPL may reach the RES with renewable energy it generates, it acquires under PPAs or through the use of renewable resource credits. WPL has met the 2010 requirements of this RES and currently expects to meet the 2015 requirements of the RES with its current renewable portfolio, which primarily consists of wind and hydro.

Energy Efficiency - IPL and WPL continue to promote energy efficiency, including their customers' ability to efficiently manage their energy use. Refer to "Strategic Overview" 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

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purchases from wholesale energy markets. Alliant Energy's mix of electric supply has changed with WPL's purchases of Wisconsin Electric Power Company's 25% interest in Edgewater Unit 5 in 2011 and Riverside in 2012, the completion of wind projects including WPL's Bent Tree wind project in 2011, the expiration of WPL's Kewaunee PPA in December 2013, IPL's DAEC PPA for a term from February 22, 2014 through December 31, 2025, WPL's 150 MW PPA for a term from January 1, 2014 through December 31, 2018 and IPL's retirement of various EGUs. Alliant Energy expects its mix of electric supply to change further in the next several years with IPL's construction of Marshalltown, WPL's proposed construction of the Riverside expansion and the proposed retirement of additional EGUs. Generation plans are periodically updated 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 EGU 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 EGUs, EGU 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 from 2010 to 2014. Refer to "Strategic Overview" in MDA for details of future generation plans.

Electric Demand Planning Reserve Margin - IPL and WPL are required to maintain a planning reserve margin above their load at the time of the MISO-wide peak to ensure reliability of electric service to their customers. The required installed capacity reserve margin is 14.3% and the required unforced capacity reserve margin is 7.1% for the June 1, 2015 through May 31, 2016 MISO planning year. IPL and WPL currently have adequate capacity to meet the MISO planning reserve margin requirements for the June 1, 2015 through May 31, 2016 MISO planning year.

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

Nameplate Capacity - The nameplate capacity of IPL's and WPL's EGUs by primary fuel type is as follows:

	IPL			WPL			Total		
	MWs	%		MWs	%		MWs	%	
Coal	1,641	51	%	1,463	46	%	3,104	48	%
Natural gas	1,031	32	%	1,448	45	%	2,479	39	%
Oil	347	11	%	—	—	%	347	5	%
Wind	200	6	%	269	8	%	469	7	%
Hydro	—	—	%	41	1	%	41	1	%
Total	3,219	100	%	3,221	100	%	6,440	100	%

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

	IPL			WPL		
	2014	2013	2012	2014	2013	2012
All fuels	$2.50	$2.36	$2.26	$2.82	$2.52	$2.26
Coal	2.05	1.99	1.91	2.22	2.21	2.21
Natural gas (a)	6.05	4.63	3.79	5.51	4.86	3.21

(a) The average cost of natural gas includes commodity and transportation costs as well as realized gains and losses from swap and option contracts used to hedge the price of natural gas volumes expected to be used by IPL's and

WPL's natural gas-fired EGUs.

Coal - Coal is a primary fuel source for internally generated electric supply and represented approximately 45%, 43% and 47% of Alliant Energy's, IPL's and WPL's total sources of electric energy in 2014, respectively. 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 EGUs for 2015 through 2018. As of December 31, 2014, existing contracts provide for a portfolio of coal supplies that cover approximately 72%, 65%, 31% and 21% of IPL's and WPL's estimated aggregate annual coal supply needs for 2015 through 2018, 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. Remaining coal requirements are expected to be met from either future term contracts or purchases in the spot market. Alliant Energy, through its subsidiaries Corporate

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Services, IPL and WPL, also enters into various coal transportation agreements to meet IPL's and WPL's coal supply requirements. As of December 31, 2014, existing coal transportation agreements cover approximately 100% and 84% of IPL's estimated coal transportation needs for 2015 and 2016, respectively, and 100% and 63% of WPL's estimated coal transportation needs for 2015 and 2016, 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 EGUs, 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 EGUs with year-round deliveries and 30 to 150 days (depending upon the time of year) for EGUs with seasonal deliveries. As of December 31, 2014, actual inventory days ranged from 23 to 57 days for EGUs with year-round deliveries and 72 to 80 days for EGUs with seasonal deliveries. The days on hand were computed based on actual tons of inventory divided by estimated average daily tons burned. During 2014, coal deliveries to one of WPL's EGUs were delayed due to additional rail-car traffic for non-coal commodities. As a result, WPL shifted some of its rail-car coal traffic to a less congested route to help avoid such delays. Coal is periodically tested from sources other than the Wyoming Powder River Basin to determine which alternative sources of coal are most compatible with EGUs. Access to alternative sources of coal is expected to provide further protection against interruptions and lessen dependence on the 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, expiration of legacy transportation contracts, fuel-related surcharges incorporated by transportation carriers and expected future coal and transportation market trends. Legacy transportation contracts at each of IPL and WPL expired at the end of 2014, which will result in higher coal transportation costs for IPL and WPL beginning in 2015. Existing coal commodity contracts with terms of greater than one year have fixed future year prices that generally reflect recent market trends. 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 SO2, NOx and mercury, along with other environmental limitations on EGUs, 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 and expand infrastructure, 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. The 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 and strategic alignment of agreement expirations for negotiation purposes, Alliant Energy, IPL and WPL believe they are reasonably insulated against future higher coal transportation rates from the major railroads.

Natural Gas - Alliant Energy owns several larger natural gas-fired EGUs, including IPL's Emery (603 MW), WPL's Riverside (675 MW), WPL's Neenah (371 MW) and Resources' Sheboygan Falls (347 MW) facilities. WPL has

exclusive rights to the output of Sheboygan Falls under an affiliated lease agreement. IPL and WPL also currently own several smaller natural gas-fired EGUs and IPL currently expects to convert an EGU currently fueled with coal to natural gas in the future. 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 EGUs represented approximately 10%, 6% and 13% of Alliant Energy's, IPL's and WPL's total sources of electric energy in 2014, respectively. Alliant Energy manages the gas supply to these gas-fired EGUs and provides supply through a combination of third-party deliveries and pipeline transportation and storage contracts held by IPL and WPL.

Refer to "Strategic Overview" for discussion of IPL's construction of Marshalltown, an approximate 650 MW natural gas-fired combined-cycle EGU and WPL's proposed construction of the Riverside expansion, an approximate 650 MW natural gas-fired combined-cycle EGU.

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

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201 MW Bent Tree wind project in Freeborn County, Minnesota began full generation of electricity in 2011. Internally generated electric supply from these three wind facilities represented approximately 5%, 4% and 5% of Alliant Energy's, IPL's and WPL's total sources of electric energy in 2014, respectively. 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. Refer to "Properties" in Item 2 for the generating capacity of these wind projects.

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%, 47% and 33% of Alliant Energy's, IPL's and WPL's total sources of electric energy in 2014, respectively. IPL's most significant PPA is for the purchase of up to 431 MWs of capacity and the resulting energy from DAEC for a term from February 22, 2014 through December 31, 2025. WPL's most significant PPA is for the purchase of 150 MWs of energy for a term from January 1, 2014 through December 31, 2018.

Refer to Note 1(g) for discussion of IPL's and WPL's rate recovery of fuel-related costs and Note 16(b) for details on IPL's and WPL's coal, natural gas and other purchased power commitments.

Electric Transmission - IPL and WPL do not own electric transmission assets and currently receive substantially all their electric transmission services from ITC and ATC, respectively. ITC and ATC are independent for-profit, transmission-only companies and are transmission-owning members of the MISO Regional Transmission Organization, Midwest Reliability Organization and Reliability First Corporation Regional Entities. The annual transmission service rates that ITC and ATC charge their 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" in MDA for additional information regarding transmission service charges from ITC and ATC, and discussion of potential changes to ATC's return on equity and regulatory capital structure for common equity, which could result in Alliant Energy and WPL realizing lower equity income and dividends from ATC in the future. Refer to Note 1(g) for discussion of a transmission cost rider utilized by IPL for recovery of its electric transmission service expense, and discussion of WPL's electric transmission service expense, which is recovered from its retail electric customers through changes in base rates determined during periodic rate proceedings. Note 1(g) also discusses escrow accounting treatment for electric transmission service expense, which WPL received as part of its approved retail electric rate case (2015/2016 Test Period) in July 2014 from the PSCW. Refer to Note 18 for details of agreements between ATC and WPL.

MISO Markets - IPL and WPL are members of MISO, a FERC-approved Regional Transmission Organization, 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. Corporate Services acts as agent on behalf of IPL and WPL pursuant to service agreements. As agent, Corporate Services enters into energy, capacity, ancillary services, and transmission sale and purchase transactions within the markets operated by MISO and PJM. Corporate Services assigns such sales and purchases between IPL and WPL based on statements received from MISO and PJM. Refer to Note 18 for additional discussion of these assigned amounts.

Wholesale Energy Market - IPL and WPL participate in the wholesale energy market operated by MISO. 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/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 may 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.

Ancillary Services Market - IPL and WPL also participate in MISO's ancillary services market. The ancillary services market integrates the procurement and use of regulation and contingency reserves with the existing wholesale energy market. 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 EGU or transmission line.

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Financial Transmission Rights and Auction Revenue Rights - In areas of constrained transmission capacity, costs could be higher due to congestion and its impact on locational marginal prices. 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, 2015.

Multi-value Projects - The MISO tariff identifies costs billed to IPL and WPL, including 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 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 tariff costs billed to IPL and WPL also include costs related to other shared transmission projects, including projects designed to reduce market congestion, to provide interconnection to the transmission grid for new generation, and to ensure compliance with applicable reliability standards. The costs of these projects are primarily 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. Refer to "Other Future Considerations" in MDA for further discussion of MISO transmission charges billed to IPL and WPL.

Resource Adequacy - MISO conducts various studies regarding reliability of electric service to ensure its market participants have adequate resources, either owned or contracted, to meet MISO's forecasted peak load obligations plus a reserve margin. Only accredited capacity assigned to EGUs from the MISO resource adequacy process is available to meet these requirements. To connect to the transmission system, MISO requires an EGU to obtain an interconnection agreement. In order for an EGU to receive accredited capacity, it must, among other requirements, satisfy all transmission requirements identified in its interconnection agreement prior to the MISO planning year. New EGUs like Marshalltown may not initially receive accredited capacity based on the inability to satisfy all identified transmission requirements. Therefore, accredited capacity may not be granted to such EGUs until all identified transmission requirements are resolved. As members of MISO, IPL and WPL must adhere to these resource adequacy protocols in executing their generation resource plans.

Attachment Y Notices and System Support Resources - MISO requires its market participants (including IPL and WPL, among others) who own EGUs to submit an Attachment Y Notice if they plan to retire an EGU, reduce the capacity of an EGU or suspend all or a portion of the operations of an EGU for a period longer than two months. Upon receiving an Attachment Y Notice, MISO will conduct a study to determine whether all or a portion of the EGU's capacity is necessary to maintain system reliability. If the EGU's capacity is determined to be necessary to maintain system reliability, MISO designates the EGU as an SSR. When an EGU is required to continue to operate for system reliability, the market participant may enter into an SSR agreement and negotiate an annual revenue requirement with MISO. The annual revenue requirement for the SSR is subject to FERC approval and is assigned to load serving entities that benefit from the continued operations of the EGU. In 2013, the PSCW issued an order allowing investor-owned Wisconsin utilities to defer SSR costs incurred through December 31, 2015. Alliant Energy, IPL and WPL are currently unable to estimate the amount of aggregate 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 EGUs they plan to retire or modify. Refer to "Strategic Overview" in MDA for discussion of EGUs that IPL and WPL currently plan to retire or modify, such as changing from coal-fired to an alternative fuel source, in the next few years.

FERC Order 1000 - In 2011, FERC issued Order 1000, which reforms its electric transmission planning and cost allocation requirements for public utility transmission providers. One substantial change from the order is the requirement for projects with regional cost allocation to have the federal right of first refusal removed. Incumbent public utility transmission providers, including ITC and ATC, no longer have a federal right of first refusal to build, own and operate large-scale transmission projects located within their service territory that have regional cost sharing. To comply with this requirement, MISO is creating a competitive bidding process for projects subject to the right of first refusal removal, which could lead to a potential decrease in the expected costs of impacted future transmission projects. In January 2015, FERC issued an order that denied rehearing requests and accepted MISO's revised Order 1000 compliance filing, subject to a further compliance filing for certain changes related to definitions of projects retaining a federal right of first refusal and requirements for qualified transmission developers. Alliant Energy, IPL and WPL are currently unable to determine what impacts, if any, this order may have on their future electric transmission service charges.

Electric Environmental Matters - Refer to Note 16(e) and "Environmental Matters" in MDA for discussion of electric environmental matters, including current or proposed environmental regulations.

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Alliant Energy Corporation Electric Operating Information	2014	2013	2012	2011	2010
Operating Revenues (in millions):					
Residential	$994.5	$1,009.1	$975.9	$985.8	$1,001.5
Commercial	658.0	649.4	611.4	612.1	619.0
Industrial	799.0	765.4	741.8	748.9	762.8
Retail subtotal	2,451.5	2,423.9	2,329.1	2,346.8	2,383.3
Sales for resale:					
Wholesale	206.6	195.4	187.6	189.8	196.8
Bulk power and other	2.9	17.7	23.8	52.2	44.1
Other	52.6	52.0	48.8	47.0	50.0
Total	$2,713.6	$2,689.0	$2,589.3	$2,635.8	$2,674.2
Electric Sales (000s MWh):					
Residential	7,697	7,824	7,679	7,740	7,836
Commercial	6,449	6,432	6,352	6,253	6,219
Industrial	11,821	11,471	11,555	11,504	11,213
Retail subtotal	25,967	25,727	25,586	25,497	25,268
Sales for resale:					
Wholesale	3,586	3,564	3,317	3,372	3,325
Bulk power and other	335	763	1,303	1,757	1,378
Other	155	152	151	151	153
Total	30,043	30,206	30,357	30,777	30,124
Customers (End of Period):					
Residential	850,322	847,350	844,388	842,780	841,726
Commercial	139,138	138,520	137,791	136,732	135,832
Industrial	2,871	2,881	2,842	2,895	2,875
Other	3,662	3,657	3,647	3,638	3,632
Total	995,993	992,408	988,668	986,045	984,065
Other Selected Electric Data:					
Maximum summer peak hour demand (MW)	5,426	5,820	5,886	5,734	5,425
Maximum winter peak hour demand (MW)	4,803	4,648	4,368	4,423	4,591
Cooling degree days (a):					
Cedar Rapids, Iowa (IPL) (normal - 755)	670	884	1,052	887	923
Madison, Wisconsin (WPL) (normal - 658)	620	709	1,070	814	829
Sources of electric energy (000s MWh):					
Coal	13,818	14,873	14,680	16,440	16,366
Purchased power:					
Nuclear (b)	3,133	5,544	5,483	5,483	5,667
Wind (c)	1,252	1,201	1,188	1,285	1,254
Other (c)	8,074	5,541	7,053	6,244	6,260
Gas	2,971	2,224	1,285	588	633
Wind (c)	1,390	1,375	1,198	1,188	588
Other (c)	212	200	183	225	232
Total	30,850	30,958	31,070	31,453	31,000
Revenue per KWh sold to retail customers (cents)	9.44	9.42	9.10	9.20	9.43

(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. Refer to "Gas Utility Operations" below for details of heating degree days.

(b) 2013 MWhs include replacement energy provided under the Kewaunee PPA after Kewaunee was shut down in May 2013.

(c) 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	2014	2013	2012	2011	2010
Operating Revenues (in millions):					
Residential	$556.4	$574.3	$529.9	$543.2	$561.9
Commercial	410.2	409.6	365.3	366.0	378.7
Industrial	458.5	442.9	408.0	415.4	441.9
Retail subtotal	1,425.1	1,426.8	1,303.2	1,324.6	1,382.5
Sales for resale:					
Wholesale	32.2	30.0	27.8	29.6	29.8
Bulk power and other	2.1	2.0	9.5	24.6	23.5
Other	33.9	33.0	30.6	29.5	28.5
Total	$1,493.3	$1,491.8	$1,371.1	$1,408.3	$1,464.3
Electric Sales (000s MWh):					
Residential	4,164	4,272	4,141	4,223	4,295
Commercial	4,099	4,118	4,045	3,953	3,944
Industrial	7,132	6,973	7,116	7,080	6,961
Retail subtotal	15,395	15,363	15,302	15,256	15,200
Sales for resale:					
Wholesale	485	419	418	417	425
Bulk power and other	59	98	377	729	683
Other	81	80	81	84	83
Total	16,020	15,960	16,178	16,486	16,391
Customers (End of Period):					
Residential	445,483	444,905	443,802	443,358	443,694
Commercial	81,853	81,587	81,203	80,506	80,063
Industrial	1,856	1,863	1,836	1,906	1,900
Other	1,385	1,374	1,381	1,381	1,366
Total	530,577	529,729	528,222	527,151	527,023
Other Selected Electric Data:					
Maximum summer peak hour demand (MW)	2,840	3,107	3,130	3,131	2,963
Maximum winter peak hour demand (MW)	2,601	2,528	2,404	2,454	2,524
Cooling degree days (a):					
Cedar Rapids, Iowa (normal - 755)	670	884	1,052	887	923
Sources of electric energy (000s MWh):					
Coal	7,092	6,705	7,302	8,456	8,663
Purchased power:					
Nuclear	3,133	3,592	3,641	3,624	3,623
Wind (b)	798	768	743	661	606
Other (b)	3,802	3,766	3,237	3,094	3,014
Gas	1,069	920	1,081	532	578
Wind (b)	622	639	579	568	353
Other (b)	12	22	38	18	22
Total	16,528	16,412	16,621	16,953	16,859
Revenue per KWh sold to retail customers (cents)	9.26	9.29	8.52	8.68	9.10

(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. Refer to "Gas Utility Operations" below for details of heating 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	2014	2013	2012	2011	2010
Operating Revenues (in millions):					
Residential	$438.1	$434.8	$446.0	$442.6	$439.6
Commercial	247.8	239.8	246.1	246.1	240.3
Industrial	340.5	322.5	333.8	333.5	320.9
Retail subtotal	1,026.4	997.1	1,025.9	1,022.2	1,000.8
Sales for resale:					
Wholesale	174.4	165.4	159.8	160.2	167.0
Bulk power and other	0.8	15.7	14.3	27.6	20.6
Other	18.7	19.0	18.2	17.5	21.5
Total	$1,220.3	$1,197.2	$1,218.2	$1,227.5	$1,209.9
Electric Sales (000s MWh):					
Residential	3,533	3,552	3,538	3,517	3,541
Commercial	2,350	2,314	2,307	2,300	2,275
Industrial	4,689	4,498	4,439	4,424	4,252
Retail subtotal	10,572	10,364	10,284	10,241	10,068
Sales for resale:					
Wholesale	3,101	3,145	2,899	2,955	2,900
Bulk power and other	276	665	926	1,028	695
Other	74	72	70	67	70
Total	14,023	14,246	14,179	14,291	13,733
Customers (End of Period):					
Residential	404,839	402,445	400,586	399,422	398,032
Commercial	57,285	56,933	56,588	56,226	55,769
Industrial	1,015	1,018	1,006	989	975
Other	2,277	2,283	2,266	2,257	2,266
Total	465,416	462,679	460,446	458,894	457,042
Other Selected Electric Data:					
Maximum summer peak hour demand (MW)	2,594	2,752	2,851	2,761	2,654
Maximum winter peak hour demand (MW)	2,202	2,120	1,964	1,991	2,066
Cooling degree days (a):					
Madison, Wisconsin (normal - 658)	620	709	1,070	814	829
Sources of electric energy (000s MWh):					
Coal	6,726	8,168	7,378	7,984	7,703
Purchased power:					
Nuclear (b)	—	1,952	1,842	1,859	2,044
Wind (c)	454	433	445	624	648
Other (c)	4,272	1,775	3,816	3,150	3,246
Gas	1,902	1,304	204	56	55
Wind (c)	768	736	619	620	235
Other (c)	200	178	145	207	210
Total	14,322	14,546	14,449	14,500	14,141
Revenue per KWh sold to retail customers (cents)	9.71	9.62	9.98	9.98	9.94

(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. Refer to "Gas Utility Operations" below for details of heating degree days.

(b)

2013 MWhs include replacement energy provided under the Kewaunee PPA after Kewaunee was shut down in May 2013.

(c) 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. In December 2014, the MPUC issued an order approving the proposed sale of IPL's Minnesota natural gas distribution assets. Refer to Note 3 for discussion of this anticipated sale. 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):

	2014		2013		2012	
	Amount	Percent	Amount	Percent	Amount	Percent
IPL:						
Iowa	$282.8	55 %	$261.2	56 %	$216.6	55 %
Minnesota	13.7	2 %	12.7	3 %	10.1	2 %
Subtotal	296.5	57 %	273.9	59 %	226.7	57 %
WPL:						
Wisconsin	221.0	43 %	190.9	41 %	169.6	43 %
	$517.5	100 %	$464.8	100 %	$396.3	100 %

Customers - The number of gas customers and communities served at December 31, 2014 were as follows:

	Retail Customers				Transportation /	Total	Communities
	Iowa	Minnesota	Wisconsin	Total	Other Customers	Customers	Served
IPL	224,302	10,712	—	235,014	371	235,385	243
WPL	—	—	184,913	184,913	254	185,167	236
	224,302	10,712	184,913	419,927	625	420,552	479

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.

Recent fluctuations in propane prices have resulted in increased customer requests to convert from propane to natural gas. When natural gas service is available for a given area, customers in such area have generally selected natural gas over propane as a more cost competitive solution for their energy needs. Alliant Energy, IPL and WPL are currently extending various natural gas distribution systems in their existing Iowa and Wisconsin service territories to serve new customer demand. Refer to "Strategic Overview" in MDA for further discussion of gas distribution systems.

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 and inject it into underground storage fields, and remove it from storage fields in the winter to deliver to customers. In 2014, the maximum daily winter peak demands were as follows:

	Dth	Date
IPL	296,190	January 6
WPL	234,837	January 6

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.

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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 September 2017. 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, but help IPL and WPL lower customer bills.

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 NNG, ANR, NGPL and NBPL allow access to gas supplies located in the U.S. and Canada. Arrangements with FCS provide IPL with gas delivered directly to its service territory. In 2014, the maximum daily delivery capacity for IPL and WPL was as follows (in Dths):

	NNG	ANR	NGPL	FCS	NBPL	Total
IPL	192,599	50,000	76,673	10,000	4,085	333,357
WPL	91,056	167,467	—	—	—	258,523

Refer to Note 1(g) for information relating to utility natural gas cost recovery mechanisms and Note 16(b) for discussion of natural gas commitments.

Gas Environmental Matters - Refer to Note 16(e) and "Environmental Matters" in MDA for discussion of gas environmental matters.

Alliant Energy Corporation Gas Operating Information	2014	2013	2012	2011	2010
Operating Revenues (in millions):					
Residential	$287.5	$262.5	$224.3	$269.7	$273.7
Commercial	172.8	150.3	124.3	155.1	154.2
Industrial	23.4	21.1	16.7	24.5	27.3
Retail subtotal	483.7	433.9	365.3	449.3	455.2
Transportation/other	33.8	30.9	31.0	27.4	25.4
Total	$517.5	$464.8	$396.3	$476.7	$480.6
Gas Sales (000s Dths):					
Residential	31,718	29,916	23,071	26,891	27,128
Commercial	23,301	21,892	17,115	19,271	18,691
Industrial	3,710	3,803	3,068	3,848	4,158
Retail subtotal	58,729	55,611	43,254	50,010	49,977
Transportation/other	64,717	60,261	57,532	52,210	50,408
Total	123,446	115,872	100,786	102,220	100,385
Retail Customers at End of Period:					
Residential	373,319	370,895	368,708	367,497	366,261
Commercial	46,180	45,874	45,684	45,667	45,552
Industrial	428	441	456	496	549
Total	419,927	417,210	414,848	413,660	412,362
Other Selected Gas Data:					
Heating degree days (a):					

Cedar Rapids, Iowa (IPL) (normal - 6,763)	7,657	7,232	5,901	6,745	6,868
Madison, Wisconsin (WPL) (normal - 7,031)	7,884	7,627	5,964	6,992	6,798
Revenue per Dth sold to retail customers	$8.24	$7.80	$8.45	$8.98	$9.11
Purchased gas costs per Dth sold to retail customers	$5.52	$4.90	$4.94	$5.88	$6.05

(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	2014	2013	2012	2011	2010
Operating Revenues (in millions):					
Residential	$162.5	$152.8	$126.4	$155.2	$155.6
Commercial	96.1	85.7	69.7	87.8	88.4
Industrial	17.4	16.1	12.8	19.0	18.4
Retail subtotal	276.0	254.6	208.9	262.0	262.4
Transportation/other	20.5	19.3	17.8	14.3	11.9
Total	$296.5	$273.9	$226.7	$276.3	$274.3
Gas Sales (000s Dths):					
Residential	17,839	16,975	12,955	15,660	15,923
Commercial	12,641	12,051	9,403	10,677	10,596
Industrial	2,804	2,931	2,435	3,023	2,869
Retail subtotal	33,284	31,957	24,793	29,360	29,388
Transportation/other	31,377	32,019	30,992	27,720	28,071
Total	64,661	63,976	55,785	57,080	57,459
Retail Customers at End of Period:					
Residential	208,240	207,853	207,121	206,964	206,979
Commercial	26,530	26,460	26,439	26,455	26,470
Industrial	244	250	260	296	343
Total	235,014	234,563	233,820	233,715	233,792
Other Selected Gas Data:					
Maximum daily winter peak demand (Dth)	296,190	262,076	233,456	264,252	277,031
Heating degree days (a):					
Cedar Rapids, Iowa (normal - 6,763)	7,657	7,232	5,901	6,745	6,868
Revenue per Dth sold to retail customers	$8.29	$7.97	$8.43	$8.92	$8.93
Purchased gas cost per Dth sold to retail customers	$5.54	$4.96	$4.92	$5.96	$6.05

(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	2014	2013	2012	2011	2010
Operating Revenues (in millions):					
Residential	$125.0	$109.7	$97.9	$114.5	$118.1
Commercial	76.7	64.6	54.6	67.3	65.8
Industrial	6.0	5.0	3.9	5.5	8.9
Retail subtotal	207.7	179.3	156.4	187.3	192.8
Transportation/other	13.3	11.6	13.2	13.1	13.5
Total	$221.0	$190.9	$169.6	$200.4	$206.3
Gas Sales (000s Dths):					
Residential	13,879	12,941	10,116	11,231	11,205
Commercial	10,660	9,841	7,712	8,594	8,095
Industrial	906	872	633	825	1,289
Retail subtotal	25,445	23,654	18,461	20,650	20,589
Transportation/other	33,340	28,242	26,540	24,490	22,337
Total	58,785	51,896	45,001	45,140	42,926
Retail Customers at End of Period:					

Residential	165,079	163,042	161,587	160,533	159,282
Commercial	19,650	19,414	19,245	19,212	19,082
Industrial	184	191	196	200	206
Total	184,913	182,647	181,028	179,945	178,570
Other Selected Gas Data:					
Maximum daily winter peak demand (Dth)	234,837	193,628	176,207	177,041	179,924
Heating degree days (a):					
Madison, Wisconsin (normal - 7,031)	7,884	7,627	5,964	6,992	6,798
Revenue per Dth sold to retail customers	$8.16	$7.58	$8.47	$9.07	$9.36
Purchased gas cost per Dth sold to retail customers	$5.48	$4.83	$4.97	$5.77	$6.06

(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 facility is the primary source of steam for IPL's two high-pressure steam customers. IPL's largest high-pressure steam customer accounts for approximately 90% 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 0.2 million Dths for 2015 and at least 0.3 million Dths for 2016 through 2025, 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:

Non-regulated Generation - owns Sheboygan Falls, a 347 MW, simple-cycle, natural gas-fired EGU near Sheboygan Falls, Wisconsin, which is leased to WPL for an initial period of 20 years ending in 2025, and the 99 MW Franklin County wind project in Franklin County, Iowa.

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.

Other non-regulated investments - includes ATI's partial ownership interest in WPL Transco, which holds Alliant Energy's ownership interest in ATC, 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, the Pipeline and Hazardous Materials Safety Administration, and the Midcontinent Independent System Operator, Inc. Operations impacted by these regulatory groups include: the rates charged to our customers; rates of return of IPL, WPL and ATC; our ability to site and construct new generating facilities, such as the natural gas-fired generating facilities in Marshalltown, Iowa and Beloit, Wisconsin, 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; our ability to site and construct new natural gas pipelines; our ability to recover costs to upgrade our natural gas distribution system to comply with the anticipated Pipeline and Hazardous Materials Safety Administration requirements that have not yet been finalized; 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; our ability to sell utility assets and any conditions placed upon the sale of such assets, such as the sale of our Minnesota gas and electric distribution assets; 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, the amount of costs associated therewith, and how those costs are recovered from customers; resource adequacy requirements, energy capacity standards, what forms of energy are considered when determining whether we meet those standards, and when new facilities such as IPL's Marshalltown Generating Station and WPL's proposed Riverside Energy Center expansion may be fully credited with energy capacity; the allocation of expenditures by transmission companies on transmission network upgrades and our ability to recover costs associated therewith from customers; reliability; safety; the issuance of securities; accounting matters; and transactions between affiliates. 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.

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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. While we believe we comply in all material respects with applicable laws and regulations governing us, state or federal agencies may not agree and may find that we violated a law or regulation. 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 and results of operations.

Our utility financial condition is influenced by how 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 authorized rates of return on capital will be earned. In future rate cases, IPL and WPL may not receive an adequate amount of rate relief to recover all costs and earn their authorized rates of return, 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 and WPL's retail electric base rates through the end of 2016) 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 subject to a wide variety of regulations, including and in addition to those described above, which are constantly changing. State and federal election results may serve as a catalyst for regulatory changes. 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.

Provisions of the Wisconsin Utility Holding Company Act 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 the Wisconsin Utility Holding Company Act 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 constructing natural gas-fired generating facilities, installing environmental control equipment at our newer and more efficient coal-fired generating facilities, and making other large-scale improvements to such generating facilities and large-scale additions and upgrades to our natural gas distribution system. 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. We may not be able to recover all costs for the projects in rates and face increased risk of potential impairment of our project investment if a construction project is not completed or is delayed, or final costs exceed the costs approved by our regulators, for example, if the Marshalltown Generating Station exceeds the cost cap approved by the IUB. Inability to recover costs, or inability to complete the project in a timely manner, could adversely impact our financial condition and results of operations.

Demand for energy may decrease - Our results of operations are affected by the demand for energy in our service territories. We could lose customers, and therefore see lower demand for energy, due to economic conditions,

customers constructing their own generation facilities, higher costs and rates charged to customers, 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 lose wholesale customers such as Jo-Carroll Energy, Inc., WPPI Energy and Great Lakes Utilities who have provided us notice of their intent to terminate their wholesale power supply agreements. Continuing technology improvements and regulatory developments are making customer- and third party-owned generation technologies such as rooftop solar systems, wind turbines, microturbines and battery storage systems more cost effective and feasible for more of our customers. As more customers utilize their own generation, demand for energy from us may decline. 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.

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Regional and national economic conditions could have an unfavorable impact on us - Our utility and non-regulated businesses follow the economic cycles of the customers we serve and credit risk of counterparties we do business with. Adverse economic conditions in our service territories can adversely affect the financial condition of our customers and reduce their demand for electricity and natural gas. Reduced volumes of electricity and natural gas sold, or the inability to collect unpaid bills from our customers from a deterioration in national or regional economic conditions, could adversely 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.

We are subject to numerous environmental laws and regulations, compliance with which could be difficult and costly, and pursuant to which we could incur material liabilities - We are subject to environmental laws and regulations that affect many aspects of our past, present and future operations. The environmental laws and regulations govern air emissions, ambient air quality standards, water quality, cooling water intake structures, wastewater discharges, the generation, transport and disposal of coal combustion residuals and other solid wastes and hazardous substances, clean-up of contaminated sites and protection of natural resources. 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 controls 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 costs to remediate (i.e., clean-up) sites where our past activities, or the activities of certain other parties, caused environmental contamination, including sites of 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.

We are also subject to a Consent Decree between WPL, the EPA and the Sierra Club, which resolved environmental claims related to air emissions at certain WPL coal-fired generating facilities. The Consent Decree requires construction of specific emission controls equipment, establishes emission rate limits, requires retirement or fuel switching of certain facilities, and requires WPL to complete certain environmental mitigation projects.

Although we believe we comply in all material respects with currently applicable environmental laws, regulations, and the Consent Decree, we may be subject to regulatory enforcement action by state or federal agencies should we operate out of compliance. In some instances, complying with certain environmental regulations may not be sufficient to satisfy the obligations of the Consent Decree or other operating regulations discussed earlier. In addition, citizen groups and private individuals may bring legal action against regulatory agencies or bring citizen enforcement actions against us claiming that the environmental requirements are not being sufficiently enforced by regulatory agencies. For example, the Consent Decree resulted from allegations originally raised by the Sierra Club that WPL violated various provisions of the Clean Air Act. If we are unsuccessful defending or settling such litigation by governmental

agencies, citizen groups, or individuals, 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. In addition, we may also be subject to third party environmental claims relating to property damage or personal injury that arise from our operations.

We are subject to existing and potential future governmental mandates to provide customers with 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.

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Existing environmental laws or regulations may be revised and new laws or regulations seeking to protect the environment and natural resources may be adopted or become applicable to us. Areas in our service territories that are currently attainment areas under National Ambient Air Quality Standards could be designated as non-attainment areas due to new air monitoring results. These revised and new laws or regulations and any areas in our service territories designated as non-attainment may require regulation of mercury, nitrogen oxide, sulfur dioxide, carbon dioxide (CO2) and other greenhouse gases (GHG) emissions, particulates, coal ash and other coal combustion products, wastewater discharges, cooling water intake structures, and threatened, endangered or invasive species. Federal and state election results may serve as a catalyst for regulatory changes. Such changes could materially increase our cost of compliance. Our strategic plan was developed in part to comply with 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 controls 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 and/or past actions 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 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. In 2013, a series of actions were announced to reduce carbon emissions, prepare the U.S. for the impacts of climate change, and lead international efforts to address global climate change. In November 2014, future targets for GHG emission reductions for the U.S. were announced in anticipation of achieving a global climate agreement.

The following are some proposed regulations that are expected to impact our operations. In January 2014, the EPA published proposed regulations governing GHG emissions from new generating facilities, which would impact IPL’s Marshalltown Generating Station in Iowa and WPL’s proposed Riverside Energy Center expansion in Wisconsin. In June 2014, the EPA issued its Clean Air Act Section 111(d) proposal to reduce CO2 emissions from existing fossil-fueled generating facilities. The EPA’s proposal is based on broad measures to lower CO2 emissions, which could impact the dispatch of existing fossil-fueled generating facilities and the fuel mix used to generate electricity, and require other actions in order to achieve CO2 emission reduction goals. Due to the uncertainty of the final form of the GHG emissions regulations and solutions, including available control technologies, to comply with regulations to reduce GHG emissions, including CO2, we cannot provide any assurance regarding the potential impacts such 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.

Threats of terrorism and catastrophic events that could result from terrorism may impact our operations in unpredictable ways - We are subject to direct and indirect effects of terrorist threats and activities. Generating, transmission and distribution facilities, in general, have been identified as potential targets of physical attacks. Physical attacks on transmission and distribution facilities that appeared to be terrorist-style attacks have occurred in the recent past. The risks posed by such attacks could include, among other things, the inability to generate, purchase or distribute electric energy or obtain fuel sources, the increased cost of security and insurance, the disruption of, volatility in, or other effects on capital markets, and 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.

A cyber attack may disrupt our operations or lead to a loss or misuse of confidential and proprietary information or potential liability - We operate in an industry that requires the continuous use and operation of sophisticated information technology systems and network infrastructure. Cyber attacks targeting our electronic control systems used at our generating facilities and for electric and gas distribution systems, could result in a full or partial disruption of our electric and/or gas operations. Any disruption of these operations could result in a loss of service to customers and a significant decrease in revenues, as well as significant expense to repair system damage and remedy security breaches. We have instituted certain safeguards to protect our operational systems and information technology assets. FERC, through the North American Electric Reliability Corporation, requires certain safeguards be implemented to deter 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

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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, adversely impacting our financial condition and results of operation.

In addition, in the ordinary course of business, we collect and retain sensitive information including personal information about our customers, shareowners and employees. In some cases, we outsource administration of certain functions to vendors that could be targets of cyber attacks. For example, we outsource administration of our employee health insurance to Anthem. Anthem was recently the target of a cyber attack. Any theft, loss and/or fraudulent use of customer, shareowner, employee or proprietary data as a result of a cyber attack could subject us to significant litigation, liability and costs, as well as adversely impact our reputation with customers and regulators, among others.

We may not be able to fully recover costs related to commodity 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 would allow for more consistent and timely cost recovery.

We are 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 which may not be fully recovered through rates. Increases in prices and costs due to disruptions that are not fully and timely recovered in rates may adversely affect our financial condition and results of operations.

We are exposed to changes in the price and availability of natural gas. In addition to supplying natural gas to our natural gas customers, we also have responsibility to supply natural gas to certain natural gas-fired electric generating facilities that we own. Our strategic plan includes increasing our reliance on natural-gas fired electric generating facilities, particularly the new facilities planned in Marshalltown, Iowa and the Riverside Energy Center expansion in Beloit, Wisconsin, and coal-fired facilities expected to switch from coal to natural gas as the primary fuel type, such as IPL’s M.L. Kapp facility. This increases our exposure to market prices of natural gas, which have remained low recently, but have been volatile in the past. 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 with terms and prices as favorable as the current contracts. Natural gas prices may increase due to disruption of production or transportation of natural gas, such as the pipeline explosion in Manitoba, Canada in January 2014, or regulatory developments that increase the cost of natural gas extraction methods, including fracking. Price increases may cause us to incur additional costs to purchase natural gas, which may not be fully recovered through rates and may adversely impact our financial condition and results of operations.

We may not be able to fully recover higher transmission costs related to changing transmission reliability requirements - Both IPL and WPL pay for the use of the interstate electric transmission system that they do not own or control. Rates charged to IPL and WPL for such transmission service are regulated by FERC. FERC also regulates transmission owners’ operations in order to support the reliability of the transmission network. Changes are occurring in the transmission network, which are required to, among other things, accommodate renewable energy and the decommissioning of older coal-fired generating facilities. These changes include socializing certain transmission network upgrades and system support resource payments, which may increase transmission costs to IPL and WPL.

The prices that IPL and WPL charge for electric energy may not totally compensate for the increase in such transmission costs. We may not be able to fully pass on the increases in such transmission costs to our customers. In addition, if the transmission rider at IPL is amended or removed, we may not be able to recover IPL's full transmission costs. Inability to fully recover transmission costs in a timely manner may adversely impact our financial condition and results of operations.

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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 $4.2 billion over the next four years. Disruption, uncertainty or volatility in those markets could increase our cost of capital or limit the availability of capital. Disruptions could be caused by Federal Reserve policies and actions, U.S. debt management concerns, U.S. debt limit and budget debates including government shutdowns, European sovereign debt concerns, currency concerns, economic downturn or uncertainty, monetary policies, a negative view of the utility industry or our company, failures of financial institutions or other factors. Any disruptions could adversely impact our ability to implement our strategic plan.

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, and the availability of, and our ability to recruit, qualified personnel, which could affect our businesses and our financial condition and results of operations. Further, our workforce includes a significant number of 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 2,400 employees. Any work stoppage experienced in connections with negotiations of collective bargaining agreements could adversely affect our financial condition and results of operations as well as 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, failure of generating facilities including wind turbines, 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 fires developing from 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. Increased utilization of customer- and third party-owned generation technologies could disrupt the reliability and balance of the electricity grid. 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 to access lower cost sources of electric energy. We also have obligations to provide electric 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, including anticipated new regulations under the Pipeline and Hazardous Materials Safety Administration. 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.

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We face risks associated with deployment and integration of a new customer billing and information system - We are implementing a new customer billing and information system for IPL and WPL, which is currently expected to be deployed in 2015. This new customer billing and information system will house all customer records and process metering, billing, payment, and on-line transactions. Implementing a new customer system is complex, costly and time consuming. If we do not successfully implement the system and new related processes, or if it does not operate as intended, it could result in substantial disruptions to our business, including customer billings and collections, which could have a material adverse effect on 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. 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 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. Storms and natural disasters may prevent our customers from being able to operate or may significantly slow growth or cause a decline in the economy within our service territories. The reduced demand for energy could cause lower sales and revenues, which may not be replaced or recovered in rates. 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 previously sold RMT, Inc. (RMT), a non-regulated subsidiary. We might be required to make payments on liabilities that we retained pursuant to the terms of the sale. In addition, Alliant Energy also 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 payments on retained liabilities or guarantees with respect to RMT or other future asset or business divestitures, such as the anticipated sales of our Minnesota electric and gas distribution assets, could have an adverse effect on 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 99 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 cause an impairment of its assets. Such losses or impairments could adversely impact our financial condition and results of operations. In addition, a variety of operating parameters, including adverse weather conditions, transmission constraints and breakdown or failure of equipment, could result in a material adverse impact 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 any 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 and federal tax credit carryforwards. We plan to utilize these net operating losses 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 net operating losses and tax credit carryforwards before they expire, we may incur material charges to earnings. If the IRS does not agree with the deductions resulting from our tax planning strategies, our financial condition and results of operations may be adversely impacted.

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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 and the applicable tax credit rate. A variety of operating and economic parameters, including 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.

In addition, we have tax benefit riders in place in Iowa that provide billing credits to our customers. We have made certain assumptions regarding the timing of the tax benefit riders for accounting purposes. If those assumptions are not accurate, our results of operations and financial condition may be adversely impacted.

Lastly, if corporate tax rates or policies are 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, which are subject to an inherent degree of uncertainty, including economic conditions, financial market performance, interest rates, life expectancies and demographics. Recessions and volatility in the domestic and international financial markets have negatively affected the asset values of our pension plans at various times in the past. 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 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. Changes in technology could also alter the channels through which electric customers buy or utilize power, which could reduce the revenues or increase the expenses of our utility companies. 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.

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ITEM 2. PROPERTIES

IPL

Electric - At December 31, 2014, IPL's EGUs by primary fuel type were as follows:

Name of EGU	Location	In-service Dates	Primary Dispatch Type (a)	Nameplate Capacity in MW	Generating Capacity in MW (b)
Ottumwa Generating Station (Unit 1) (c)	Ottumwa, IA	1981	BL	348	316
Lansing Generating Station (Unit 4)	Lansing, IA	1977	BL	275	247
M.L. Kapp Generating Station (Unit 2) (d)	Clinton, IA	1967	BL	218	195
Prairie Creek Generating Station (Units 1,3,4)	Cedar Rapids, IA	1958-1997	BL	213	142
Burlington Generating Station (Unit 1)	Burlington, IA	1968	BL	212	194
George Neal Generating Station (Unit 4) (e)	Sioux City, IA	1979	BL	179	159
George Neal Generating Station (Unit 3) (f)	Sioux City, IA	1975	BL	164	134
Louisa Generating Station (Unit 1) (g)	Louisa, IA	1983	BL	32	29
Total Coal				1,641	1,416
Emery Generating Station (Units 1-3)	Mason City, IA	2004	IN	603	499
Sutherland Generating Station (Units 1,3) (d)	Marshalltown, IA	1955-1961	IN	119	84
Fox Lake Generating Station (Units 1,3) (d)	Sherburn, MN	1950-1962	IN	93	83
Burlington Combustion Turbines (Units 1-4) (d)	Burlington, IA	1994-1996	PK	79	60
Dubuque Generating Station (Units 3-4) (d)	Dubuque, IA	1952-1959	IN	66	59
Grinnell Combustion Turbines (Units 1-2) (d)	Grinnell, IA	1990-1991	PK	48	38
Red Cedar Combustion Turbine (Unit 1)	Cedar Rapids, IA	1996	PK	23	6
Total Gas				1,031	829
Marshalltown Combustion Turbines (Units 1-3)	Marshalltown, IA	1978	PK	189	140
Lime Creek Combustion Turbines (Units 1-2)	Mason City, IA	1991	PK	90	60
Centerville Combustion Turbines (Units 1-2) (d)	Centerville, IA	1990	PK	54	45
Diesel Stations (7 Units) (d)	Iowa and Minnesota	1963-1996	PK	14	8
Total Oil				347	253
Whispering Willow - East (121 Units) (h)	Franklin Co., IA	2009	IN	200	—
Total Wind				200	—
Total capacity				3,219	2,498

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

(b) Based on the accredited generating capacity of the EGUs included in MISO's resource adequacy process for the planning period from June 2014 through May 2015.

(c) Represents IPL's 48% ownership interest in this 726 MW (nameplate capacity) / 659 MW (generating capacity) EGU, which is operated by IPL.

(d)

Refer to "Strategic Overview" in MDA for discussion of EGUs that may be retired or changed from coal-fired to an alternative fuel source in the next few years.

(e) Represents IPL's 25.695% ownership interest in this 696 MW (nameplate capacity) / 620 MW (generating capacity) EGU, which is operated by MidAmerican Energy Company.

(f) Represents IPL's 28% ownership interest in this 584 MW (nameplate capacity) / 479 MW (generating capacity) EGU, which is operated by MidAmerican Energy Company.

(g) Represents IPL's 4% ownership interest in this 812 MW (nameplate capacity) / 728 MW (generating capacity) EGU, which is operated by MidAmerican Energy Company.

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(h) Generating capacity represents 0% of the capacity of this wind project based upon the MISO resource adequacy process, which is determined separately for each wind site, during the planning period from June 2014 through May 2015. The 0% allocation resulted from the lack of firm transmission at this wind site during the planning period from June 2014 through May 2015.

At December 31, 2014, IPL owned approximately 19,642 miles of overhead electric distribution line and 2,961 miles of underground electric distribution cable, as well as 696 substation distribution transformers, substantially all of which are located in Iowa and Minnesota.

Gas - IPL's gas properties consist primarily of mains and services, meters, regulating and gate stations and other related transmission and distribution equipment. At December 31, 2014, IPL's gas distribution facilities included approximately 5,088 miles and 237 miles of gas mains located in Iowa and Minnesota, respectively.

Other - IPL's other property consists primarily of steam service assets, operating and storeroom facilities, vehicles, computer hardware and software, communication equipment and other miscellaneous tools and equipment.

WPL

Electric - At December 31, 2014, WPL's EGUs by primary fuel type were as follows:

Name of EGU	Location	In-service Dates	Primary Dispatch Type (a)	Nameplate Capacity in MW	Generating Capacity in MW (b)
Columbia Energy Center (Units 1-2) (c)	Portage, WI	1975-1978	BL	514	494
Edgewater Generating Station (Unit 5)	Sheboygan, WI	1985	BL	414	406
Edgewater Generating Station (Unit 4) (d) (e)	Sheboygan, WI	1969	BL	239	199
Nelson Dewey Generating Station (Units 1-2) (e)	Cassville, WI	1959-1962	BL	227	202
Edgewater Generating Station (Unit 3) (e)	Sheboygan, WI	1951	IN	69	69
Total Coal				1,463	1,370
Riverside Energy Center (Units 1-3)	Beloit, WI	2004	IN	675	545
Neenah Energy Facility (Units 1-2)	Neenah, WI	2000	PK	371	281
South Fond du Lac Combustion Turbines (2 Units) (f)	Fond du Lac, WI	1994	PK	191	143
Rock River Combustion Turbines (Units 3-6) (e) (g)	Beloit, WI	1967-1972	PK	169	88
Sheepskin Combustion Turbine (Unit 1) (e)	Edgerton, WI	1971	PK	42	35
Total Gas				1,448	1,092
Bent Tree (122 Units) (h)	Freeborn Co., MN	2010-2011	IN	201	—
Cedar Ridge (41 Units) (i)	Fond du Lac Co., WI	2008	IN	68	8
Total Wind				269	8
Prairie du Sac Hydro Plant (8 Units)	Prairie du Sac, WI	1914-1940	IN	31	12
Kilbourn Hydro Plant (4 Units)	Wisconsin Dells, WI	1926-1939	IN	10	6
Total Hydro				41	18
Total capacity				3,221	2,488

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

(b) Based on the accredited generating capacity of the EGUs included in MISO's resource adequacy process for the planning period from June 2014 through May 2015.

(c) Represents WPL's 46.2% ownership interest in this 1,112 MW (nameplate capacity) / 1,070 MW (generating capacity) EGU, which is operated by WPL.

(d) Represents WPL's 68.2% ownership interest in this 351 MW (nameplate capacity) / 292 MW (generating capacity) EGU, which is operated by WPL.

(e) Refer to "Strategic Overview" in MDA for discussion of EGUs that may be retired in the next few years.

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

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(g) Rock River Combustion Turbine Unit 6 was not operating during the testing period for MISO's resource adequacy process for the planning period from June 2014 through May 2015, resulting in no capacity being accredited to the EGU for that planning period.

(h) Generating capacity represents 0% of the capacity of this wind project based upon the MISO resource adequacy process, which is determined separately for each wind site, during the planning period from June 2014 through May 2015. The 0% allocation resulted from the lack of firm transmission at this wind site during the planning period from June 2014 through May 2015.

(i) Generating capacity represents 12% of the capacity of this wind project based upon the MISO resource adequacy process, which is determined separately for each wind site, during the planning period from June 2014 through May 2015.

At December 31, 2014, WPL owned approximately 16,340 miles of overhead electric distribution line and 5,198 miles of underground electric distribution cable, as well as 303 substation distribution transformers, substantially all of which are located in Wisconsin.

Gas - WPL's gas properties consist primarily of mains and services, meters, regulating and gate stations and other related transmission and distribution equipment. At December 31, 2014, WPL's gas distribution facilities included approximately 4,195 miles of gas mains located in Wisconsin.

Other - Refer to Note 10(b) for information regarding WPL's lease of Sheboygan Falls from Resources' Non-regulated Generation business. WPL's other property consists primarily of operating and storeroom facilities, vehicles, computer hardware and software, communication equipment and other miscellaneous tools and equipment.

Resources - Resources' principal properties included in "Property, plant and equipment, net" on Alliant Energy's balance sheet at December 31, 2014 were as follows:

Non-regulated Generation - Includes Sheboygan Falls, a 347 MW, simple-cycle, natural gas-fired facility near Sheboygan Falls, Wisconsin that was placed in service in 2005 and is leased to WPL, and the 99 MW (60 Units) Franklin County wind project in Franklin County, Iowa that was placed in service in 2012. Sheboygan Falls was accredited with 280 MW of generating capacity for MISO's resource adequacy process for the planning period from June 2014 through May 2015.

Transportation - Includes a short-line railway in Iowa with 114 miles of railroad track, 12 active locomotives and 72 rail-cars; a barge terminal on the Mississippi River; and a coal terminal in Williams, Iowa.

Other non-regulated investments - Includes two corporate airplanes and real estate investments.

Corporate Services - Corporate Services' property included in "Property, plant and equipment, net" on Alliant Energy's balance sheet at December 31, 2014 consisted primarily of computer software and the corporate headquarters building located in Madison, Wisconsin. Corporate Services is also implementing a new customer billing and information system for IPL and WPL, which is currently expected to be deployed in 2015.

ITEM 3. LEGAL PROCEEDINGS

Alliant Energy - None.

IPL - None.

WPL - None.

Other - Alliant Energy, IPL and WPL are involved in legal and administrative proceedings before various courts and agencies with respect to matters arising in the ordinary course of business. Although unable to predict the outcome of these matters, Alliant Energy, IPL and WPL believe that final disposition of these actions will not have a material effect on their financial condition or results of operations.

ITEM 4. MINE SAFETY DISCLOSURES

None.

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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, 55, has served as a director since January 2012, and as Chairman of the Board, President and CEO since April 2012. She previously served as President and Chief Operating Officer since February 2011, as EVP and CFO from September 2010 to February 2011, and as EVP-CFO and Treasurer from January 2010 to September 2010.

James H. Gallegos, 54, was elected Senior VP, General Counsel and Corporate Secretary effective February 2015. He previously served as Senior VP and General Counsel since February 2014, as VP and General Counsel from November 2010 to February 2014, and 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.

Thomas L. Hanson, 61, 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-CAO and Treasurer from September 2010 to February 2011, and as VP-Controller and CAO from January 2007 to September 2010.

Douglas R. Kopp, 61, was elected Senior VP effective March 2014. He previously served as VP-Environmental Affairs since January 2013, as Director-Environmental Affairs from January 2011 to January 2013, as Plant Manager of the Prairie Creek Generating Station from September 2010 to January 2011, and as Plant Manager of the Sutherland Generating Station from May 2009 to September 2010.

John O. Larsen, 51, was elected Senior VP effective February 2014. He previously served as Senior VP-Generation since January 2010.

Robert J. Durian, 44, was elected Controller and CAO effective February 2011. He previously served as Controller since September 2010, and as Assistant Controller from March 2009 to September 2010.

Executive Officers of IPL

Patricia L. Kampling, 55, has served as a director since January 2012, and as Chairman of the Board and CEO since April 2012.

Douglas R. Kopp, 61, was elected Senior VP effective March 2014 and President effective April 2014.

James H. Gallegos, 54, was elected Senior VP, General Counsel and Corporate Secretary effective February 2015.

Thomas L. Hanson, 61, was elected Senior VP and CFO effective January 2013.

John O. Larsen, 51, was elected Senior VP effective February 2014.

Robert J. Durian, 44, was elected Controller and CAO effective February 2011.

Executive Officers of WPL

Patricia L. Kampling, 55, has served as a director since January 2012, and as Chairman of the Board and CEO since April 2012.

John O. Larsen, 51, was elected President effective December 2010.

James H. Gallegos, 54, was elected Senior VP, General Counsel and Corporate Secretary effective February 2015.

Thomas L. Hanson, 61, was elected Senior VP and CFO effective January 2013.

Douglas R. Kopp, 61, was elected Senior VP effective March 2014.

Robert J. Durian, 44, 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:

	2014			2013		
Quarter	High	Low	Dividend	High	Low	Dividend
First	$56.99	$50.00	$0.51	$50.23	$43.73	$0.47
Second	60.88	55.47	0.51	53.52	46.79	0.47
Third	60.89	54.69	0.51	54.18	48.17	0.47
Fourth	69.78	55.38	0.51	53.69	48.83	0.47
Year	69.78	50.00	2.04	54.18	43.73	1.88

Stock closing price at December 31, 2014: $66.42

Shareowners - At December 31, 2014, there were 29,493 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 2014, Alliant Energy announced an increase in its targeted 2015 annual common stock dividend to $2.20 per share, which is equivalent to a quarterly rate of $0.55 per share, beginning with the February 2015 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 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, 2014 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	3,211	$56.36	—	N/A
November 1 to November 30	2,036	61.80	—	N/A
December 1 to December 31	78	64.60	—	N/A
	5,325	58.56	—	

(a) All shares were purchased on the open market and held in a rabbi trust under the 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.

Other - Refer to "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters" in Item 12 for details of securities authorized for issuance under equity compensation plans.

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ITEM 6. SELECTED FINANCIAL DATA

Financial Information Alliant Energy	2014 (a)	2013 (a)	2012 (a)	2011	2010
	(dollars in millions, except per share data)				
Income Statement Data:					
Operating revenues	$3,350.3	$3,276.8	$3,094.5	$3,221.4	$3,262.1
Income from continuing operations, net of tax	395.7	382.1	340.8	341.4	310.2
Loss from discontinued operations, net of tax	(2.4)	(5.9)	(5.1)	(19.5)	(3.9)
Net income	393.3	376.2	335.7	321.9	306.3
Amounts attributable to Alliant Energy common shareowners:					
Income from continuing operations, net of tax	385.5	364.2	324.9	323.1	291.5
Loss from discontinued operations, net of tax	(2.4)	(5.9)	(5.1)	(19.5)	(3.9)
Net income	383.1	358.3	319.8	303.6	287.6
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	$3.48	$3.29	$2.93	$2.92	$2.64
Loss from discontinued operations, net of tax	($0.02)	($0.06)	($0.04)	($0.18)	($0.04)
Net income	$3.46	$3.23	$2.89	$2.74	$2.60
Common shares outstanding at year-end (000s)	110,936	110,944	110,987	111,019	110,894
Dividends declared per common share	$2.04	$1.88	$1.80	$1.70	$1.58
Market value per share at year-end	$66.42	$51.60	$43.91	$44.11	$36.77
Book value per share at year-end	$31.00	$29.58	$28.25	$27.14	$26.09
Market capitalization at year-end	$7,368.4	$5,724.7	$4,873.4	$4,897.0	$4,077.6
Other Selected Financial Data:					
Cash flows from operating activities	$891.6	$731.0	$841.1	$702.7	$984.9
Construction and acquisition expenditures	$902.8	$798.3	$1,158.1	$673.4	$866.9
Total assets at year-end	$12,085.9	$11,112.4	$10,785.5	$9,687.9	$9,282.9
Long-term obligations, net	$3,791.1	$3,338.1	$3,141.5	$2,708.0	$2,710.3
Times interest earned before income taxes (b)	3.44X	3.52X	3.75X	3.59X	3.81X
Capitalization ratios:					
Common equity	45%	46%	47%	50%	49%
Preferred stock of subsidiaries	3%	3%	3%	3%	4%
Long- and short-term debt	52%	51%	50%	47%	47%
Total	100%	100%	100%	100%	100%

(a) Refer to "Alliant Energy's Results of Operations" in MDA for discussion of the 2014, 2013 and 2012 results of operations.

(b) Represents the sum of income from continuing operations before income taxes plus interest expense, divided by interest expense.

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IPL	2014 (a)	2013 (a)	2012 (a)	2011	2010
	(in millions)				
Operating revenues	$1,848.1	$1,818.8	$1,650.3	$1,740.1	$1,795.8
Net income	194.6	189.9	150.2	139.3	143.4
Earnings available for common stock	184.4	173.6	137.6	124.3	128.0
Cash dividends declared on common stock	140.0	128.1	122.9	73.4	—
Cash flows from operating activities	406.1	232.6	291.0	366.9	549.6
Total assets	6,461.8	5,806.0	5,457.0	5,093.5	4,937.6
Long-term obligations, net	1,769.3	1,559.2	1,361.7	1,311.0	1,310.6

(a) Refer to "IPL's Results of Operations" in MDA for a discussion of the 2014, 2013 and 2012 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	2014 (a)	2013 (a)	2012 (a)	2011	2010
	(in millions)				
Operating revenues	$1,449.1	$1,406.3	$1,392.0	$1,434.4	$1,423.6
Net income	180.8	177.5	165.7	163.5	152.3
Earnings available for common stock	180.1	175.9	162.4	160.2	149.0
Cash dividends declared on common stock	118.7	116.3	112.0	112.1	109.5
Cash flows from operating activities	424.4	423.3	427.4	428.8	372.4
Total assets	5,128.2	4,804.4	4,762.6	4,044.0	3,889.6
Long-term obligations, net	1,669.1	1,432.2	1,436.1	1,190.7	1,193.7

(a) Refer to "WPL's Results of Operations" in MDA for a discussion of the 2014, 2013 and 2012 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

This MDA includes information relating to Alliant Energy, IPL and WPL, as well as Resources and 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 Financial Statements and Notes 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:

- Executive Summary
- Strategic Overview
- Rate Matters
- 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
- New Accounting Pronouncements
- 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 select 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 select markets in southern and central Wisconsin. At December 31, 2014, WPL and Resources, through their ownership interests in WPL Transco, in aggregate held an approximate 16% ownership interest in ATC, a transmission-only utility operating primarily in the Midwest. 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

Utilities and Corporate Services
- Electric and gas services in IA (IPL)
- Electric and gas services in WI (WPL)
- 16% interest in ATC (primarily WPL)
- Electric and gas services in MN (IPL) (a)
- Corporate Services

Non-regulated and Parent
- Transportation (Resources)
- Non-regulated Generation (Resources)
- Parent Company

(a) In September 2013, IPL signed definitive agreements to sell its Minnesota electric and natural gas distribution assets. Refer to Note 3 for further discussion of these anticipated sales.

Utilities and Corporate Services - IPL and WPL own a portfolio of EGUs located in Iowa, Wisconsin and Minnesota with a diversified fuel mix including coal, natural gas and renewable resources. The output from these EGUs, 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 420,000 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 utilities 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 Non-regulated Generation (EGU management), Transportation (short-line railway and barge transportation services) and several other modest investments. Parent includes the operations of Alliant Energy (parent holding company).

Financial Results - 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):

	2014		2013	
	Net Income	EPS	Net Income	EPS
Continuing operations:				
Utilities and Corporate Services	$373.3	$3.37	$356.5	$3.22
Non-regulated and Parent	12.2	0.11	7.7	0.07
Income from continuing operations	385.5	3.48	364.2	3.29
Loss from discontinued operations	(2.4)	(0.02)	(5.9)	(0.06)

Net income	$383.1	$3.46	$358.3	$3.23

The table above includes utilities and Corporate Services, and non-regulated and parent EPS from continuing operations, which are non-GAAP financial measures. Alliant Energy believes utilities 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 utilities and Corporate Services EPS from continuing operations to determine performance-based compensation.

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Utilities and Corporate Services - Higher EPS from continuing operations in 2014 compared to 2013 was primarily due to:

- $0.70 per share of lower purchased electric capacity expense related to the previous DAEC PPA recorded in 2014 compared to 2013;
- $0.33 per share of purchased electric capacity expense related to the Kewaunee PPA that expired in 2013;
- $0.06 per share of lower income tax expense at IPL in 2014 compared to 2013 due to Iowa rate-making practices; and
- $0.06 per share of charges related to preferred stock redemptions at IPL and WPL in 2013.

These items were partially offset by:

- $0.39 per share of retail electric customer billing credits at IPL in 2014 related to an approved settlement agreement for its Iowa retail electric base rates;
- $0.11 per share of higher energy efficiency cost recovery amortizations at WPL in 2014 compared to 2013;
- $0.08 per share of higher generation, distribution and customer service operation and maintenances expenses in 2014 compared to 2013;
- an estimated $0.08 per share of net decreases in revenues from lower electric and gas sales in 2014 compared to 2013 due to weather conditions;
- $0.08 per share of higher depreciation expense in 2014 compared to 2013;
- $0.06 per share of higher interest expense in 2014 compared to 2013;
- $0.05 per share from changes in the revenue requirement adjustment related to certain IPL tax benefits in 2014 compared to 2013;
- $0.05 per share of higher electric transmission service expense, net of recoveries, in 2014 compared to 2013; and
- $0.05 per share of lower electric margins related to changes in the recovery of fuel-related expense at WPL.

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 2014, 2013 and 2012.

Strategic Overview Highlights

The strategic plan focuses on the core business of delivering regulated electric and natural gas service in Iowa and Wisconsin, and is built upon three key elements: competitive costs, safe and reliable service, and responsible resources. Key strategic plan developments include the following. Refer to "Strategic Overview" for a more detailed discussion of strategic plan developments.

- January 2014 - WPL received an order from the PSCW approving a request for generation maintenance and performance improvements at Columbia Units 1 and 2. WPL expects to begin construction in the first half of 2015 and place the projects in service by the end of 2017.
- April 2014 - The scrubber and baghouse at WPL's Columbia Unit 2 were placed in service. In addition, the scrubber and baghouse at WPL's Columbia Unit 1 were placed in service in July 2014.
- May 2014 - The scrubber and baghouse at IPL's George Neal Unit 3 were placed in service.
- June 2014 - After receiving the final necessary regulatory approvals and permits in the second quarter of 2014, IPL began constructing Marshalltown, an approximate 650 MW natural gas-fired combined-cycle EGU. IPL currently expects to place Marshalltown in service in the second quarter of 2017.
- November 2014 - WPL announced plans to file a CPCN application with the PSCW in early 2015 for approval to construct an approximate 650 MW natural gas-fired combined-cycle EGU in Beloit, Wisconsin, referred to as the Riverside expansion. A decision from the PSCW on WPL's request is currently expected by mid-2016. Construction of the Riverside expansion is also subject to the receipt of various approvals and permits necessary to construct and operate the EGU. Subject to such approvals, construction is currently expected to begin in 2016 and be completed by early 2019. Capital expenditures are currently estimated to be approximately $725 million to $775 million to construct the EGU and a pipeline to supply natural gas to the EGU. The estimated capital expenditures exclude transmission network upgrades and AFUDC.

- December 2014 - The MPUC issued an order approving the proposed sale of IPL's Minnesota natural gas distribution assets. IPL currently expects to complete the sale in 2015 pending completion of various other contingencies. Proceeds from the sale of the natural gas distribution assets, which approximate the carrying value of such assets, are expected to be approximately $10 million, subject to customary closing adjustments.
- December 2014 - The scrubber and baghouse at IPL's Ottumwa Unit 1 were placed in service.
- January 2015 - WPL received an order from the PSCW approving WPL's CA application to install an SCR system at Columbia Unit 2 to reduce NOx emissions at the EGU. WPL's portion of the capital expenditures for the SCR system, excluding AFUDC, is currently estimated to be between $60 million and $80 million. WPL currently expects to place the project in service in 2018.

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Rate Matters Highlights

Federal regulation of wholesale electric rates is administered by FERC and state regulation of retail utility rates is administered by the IUB, PSCW and MPUC. Key regulatory developments include the following. Refer to "Rate Matters" for a more detailed discussion of regulatory developments.

- July 2014 - WPL received an order from the PSCW authorizing WPL to maintain retail electric base rates at their current levels through the end of 2016. The retail electric base rate case included a return of and a return on costs for emission controls projects at Columbia Units 1 and 2 and Edgewater Unit 5, generation performance and reliability improvements at Columbia Units 1 and 2, other ongoing capital expenditures, and an increase in electric transmission service expense. The additional revenue requirement for these cost increases was offset by the impact of changes in the amortization of regulatory liabilities associated with energy efficiency cost recoveries and increased sales volumes. The order also authorized WPL to implement a $5 million decrease in annual retail gas base rates effective January 1, 2015 followed by a freeze of such gas base rates through the end of 2016.
- September 2014 - The IUB approved a settlement agreement, which extends IPL's Iowa retail electric base rates authorized in its 2009 test year case through 2016 and provides retail electric customer billing credits of $105 million in aggregate, including targeting $70 million in 2014 (beginning May 2014), $25 million in 2015 and $10 million in 2016. In 2014, IPL recorded $72 million of such retail electric customer billing credits. IPL will make adjustments to future billing credits to provide retail electric customer billing credits of $105 million in aggregate. The settlement agreement included the continuation of the energy adjustment clause, transmission cost rider and electric tax benefit rider credits; the ability for IPL to seek rate relief if a significant event occurs; and the ability for parties to the DAEC PPA proceeding to request show cause action if IPL's Iowa retail electric return on common equity exceeds 11% for 2014, 2015 or 2016.
- December 2014 - WPL received an order from the PSCW authorizing an annual retail electric rate increase of $39 million, or approximately 4%, effective January 1, 2015. The increase includes $39 million of anticipated increases in retail electric fuel-related costs in 2015 attributable to $25 million for higher retail electric fuel-related costs per MWh anticipated in 2015 and $14 million from the impact of increased sales volumes approved in the retail electric base rate case for 2015.
- December 2014 - The IUB issued an order authorizing $75 million of regulatory liabilities from tax benefits to be credited to IPL's retail electric customers' bills in Iowa during 2015 through the electric tax benefit rider. In December 2014, the IUB also authorized IPL to reduce the $75 million of billing credits on customers' bills by $15 million in 2015 to recognize the revenue requirement impact of the changes in tax accounting methods.

Environmental Matters Highlights

Environmental matters are regulated by various federal, state and local authorities. Key environmental developments include the following. Refer to "Environmental Matters" for a more detailed discussion of environmental developments.

- June 2014 - The EPA issued proposed standards to reduce CO2 emissions from existing fossil-fueled EGUs. The EPA is proposing a two-part goal structure: an "interim goal" that each state meets an average threshold over the period from 2020 through 2029, and a "final goal" based on a three-year rolling average that each state meets beginning in 2030. State plans that provide details of how these guidelines are to be met would be required by June 30, 2016. The EPA's proposal allows for a one-year extension to submit state-only plans and a two-year extension if a state elects to join a regional multi-state program. In August 2014, the EPA's legal authority to issue the proposed standards was challenged. The EPA is currently expected to issue final standards in 2015.
- August 2014 - The EPA published a final rule related to Section 316(b) of the Federal Clean Water Act rule to regulate cooling water intake structures and minimize adverse environmental impacts to fish and other aquatic life. Compliance with this final rule will be incorporated during periodic facility permit renewal cycles, with final compliance anticipated by 2022.
- December 2014 - The EPA issued the final CCR rule, which regulates CCR as a non-hazardous waste. The final rule establishes minimum criteria for disposing of CCR in landfills and surface impoundments (ash ponds), and allows for continued operation of ash ponds if they meet certain location and performance criteria. The rule is currently

anticipated to become effective in 2015.

- January 2015 - CSAPR replaced CAIR. Compliance with CSAPR emissions limits began in 2015, with additional emissions limits reductions beginning in 2017.

Legislative Matters Highlights

Various legislative developments are monitored, including those relating to energy, tax, financial and other matters. Key legislative developments include the following. Refer to "Legislative Matters" for a more detailed discussion of legislative developments.

- December 2014 - The FTIP Act was enacted. The most significant provisions of the FTIP Act for Alliant Energy, IPL and WPL relate to the extension of bonus depreciation deductions for certain expenditures for property that were incurred through December 31, 2014.

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Liquidity and Capital Resources Highlights

Based on current liquidity positions and capital structures, the additional capital required to implement the strategic plan and to meet long-term contractual obligations is expected to be available. Key financing developments include the following. Refer to "Liquidity and Capital Resources" for a more detailed discussion of financing developments.

- March 2014 - IPL extended through March 2016 the purchase commitment from the third party to which it sells its receivables.
- October 2014 - WPL issued $250 million of 4.1% debentures due 2044. The proceeds from the issuance were used by WPL to reduce commercial paper and for general corporate purposes.
- October 2014 - Alliant Energy entered into a $250 million variable-rate term loan credit agreement and used the proceeds from borrowings under this agreement to retire its $250 million, 4% senior notes. The term loan credit agreement expires in October 2016.
- November 2014 - IPL issued $250 million of 3.25% senior debentures due 2024. The proceeds from the issuance were used by IPL to reduce cash proceeds received from its sales of accounts receivable program, reduce commercial paper classified as long-term debt by $60 million and for general corporate purposes.
- November 2014 - WPL received authorization from the PSCW to issue up to $500 million of long-term debt securities during 2015 and 2016, with no more than $300 million to be issued in either year.
- November 2014 - Alliant Energy, IPL and WPL announced their future financing plans. IPL currently expects to issue up to $300 million of additional long-term debt in 2015. IPL's $150 million, 3.3% senior debentures mature in 2015. Alliant Energy currently expects to issue approximately $150 million of common stock in 2015 through one or more offerings and its Shareowner Direct Plan.
- November 2014 - Alliant Energy announced an increase in its targeted 2015 annual common stock dividend to $2.20 per share, which is equivalent to a quarterly rate of $0.55 per share, beginning with the February 2015 dividend payment.
- December 2014 - Franklin County Holdings LLC, Resources' wholly-owned subsidiary, entered into a $60 million variable-rate term loan credit agreement and used the proceeds to retire its borrowings under a term loan credit agreement that matured in December 2014. The latest term loan credit agreement expires December 2016.
- December 2014 - At December 31, 2014, Alliant Energy and its subsidiaries had $859 million of available capacity under the revolving credit facilities, $128 million of available capacity at IPL under its sales of accounts receivable program and $57 million of cash and cash equivalents.

Other Matters Highlights

Other key developments that could impact future financial condition or results of operations include the following. Refer to "Other Matters" for a more detailed discussion of potential impacts to future financial condition and results of operations.

- October 2014 - FERC issued an order on a complaint against the MISO transmission owners. The order established hearing and settlement procedures on the return on equity component of the complaint, and established a refund period back to November 12, 2013. FERC also denied a request to limit the regulatory capital structure to 50% of common equity, among other items. Settlement discussions between the parties were held and no agreement was reached. The complaint is now subject to hearing procedures and an initial decision from FERC on the complaint is currently expected in late 2015. Alliant Energy, IPL and WPL are currently unable to determine what, if any, impact the October 2014 FERC order, subsequent hearing procedures and a new methodology FERC established for determining the return on equity may have on the returns authorized by FERC for MISO transmission owners, including ITC and ATC.
- January 2015 - FERC issued an order accepting a request from a group of MISO transmission owners, including ITC and ATC, to implement a 50 basis point incentive adder to their return on equity based on participation in MISO. The implementation of the adder is effective January 2015, subject to certain conditions. Alliant Energy, IPL and WPL are currently unable to determine any resulting changes to future electric transmission service charges.

STRATEGIC OVERVIEW

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

Competitive Costs - Providing competitive and predictable energy costs for customers is a key element of the strategic plan. The majority of energy costs become part of rates charged to IPL's and WPL's customers and any rate increase has an impact on such customers. Given that potential public policy changes and resulting increases in future energy costs are possible, there is a focus on controlling costs with the intent of providing competitive rates to IPL's and WPL's customers. For example, IPL and WPL have retail electric base rate freezes in Iowa and Wisconsin, respectively, during 2015 and 2016. IPL also has electric and gas tax benefit riders, which utilize tax benefits from income tax strategies to provide credits on Iowa retail

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customers' bills to help offset impacts of rate increases. Refer to Note 2 for additional discussion of the retail electric base rate freezes, and Note 11 and "Rate Matters" for further discussion of the tax benefit riders.

Safe and Reliable Service - The strategic plan also focuses resources on providing safe and reliable electricity and natural gas service. Investments are expected to be targeted in electric and gas distribution system improvements, replacing aging infrastructure and distribution grid efficiency to maintain strong reliability. System performance is monitored and necessary steps are taken to continually improve the safety and reliability of service for customers. Providing exceptional customer service, including emergency and outage response, is part of the mission and commitment to customers.

Responsible Resources - Another key element of the strategic plan is finding innovative ways to meet environmental objectives, improve energy efficiency and provide resource flexibility. A diversified fuel mix for EGUs is important to meet the energy needs of customers and also recognizes the importance of using resources in environmentally responsible ways for the benefit of future generations. The current strategic plan, which is focused on a balanced and flexible portfolio of energy resources to meet IPL's and WPL's customers' short- and long-term energy needs, includes the following diversified and responsible portfolio of energy resources:

- Natural gas - purchasing, constructing and/or converting to natural gas-fired EGUs. IPL is currently constructing Marshalltown, an approximate 650 MW natural gas-fired combined cycle EGU, and M.L. Kapp Unit 2 is expected to switch from coal to natural gas as its only fuel type in 2015. WPL currently plans to file a CPCN application with the PSCW in early 2015 for approval to construct an approximate 650 MW natural gas-fired combined cycle EGU referred to as the Riverside expansion.
- Coal - implementing emission controls and generation performance and reliability improvements at newer, larger and more efficient coal-fired EGUs, and fuel switching at, and retirement of, certain older, smaller and less efficient coal-fired EGUs.
- PPAs - purchasing electricity to meet a portion of customer demand for electricity, including wind power PPAs and a nuclear generation PPA related to DAEC for a term of February 22, 2014 through December 31, 2025.
- Renewables - operating hydroelectric generators and current wind projects, as well as evaluating the development of future wind sites and solar projects. IPL and WPL currently have up to 400 MW and 200 MW of undeveloped wind sites, respectively, available for future wind projects. Alliant Energy, IPL and WPL are also exploring opportunities to integrate solar projects into the portfolio of energy resources as the cost to produce solar energy continues to decline.

Installing emission controls at the more efficient coal-fired EGUs, increasing levels of energy produced by natural gas-fired EGUs, and increasing levels of energy produced by wind projects and other renewable energy resources results in significant environmental benefits. As a result of these efforts, SO2 and NOx emissions are currently expected to be reduced by approximately 90% and 80%, respectively, from 2005 levels by 2025. Mercury emissions are currently expected to be reduced by approximately 90% from 2009 levels by 2025. CO2 emissions have been reduced by approximately 15% from 2005 levels. Additional generation portfolio details, as well as discussion of investments in emission controls and performance and reliability upgrades, are included in "Generation Plans" and "Environmental Compliance Plans" below.

Energy efficiency is also an important part of the strategic plan and provides customers with the opportunity to reduce their energy usage and related costs through the use of new energy efficient equipment, products and practices. IPL currently expects to spend approximately $400 million for electric and natural gas energy efficiency programs in Iowa from 2014 through 2018. In addition, WPL contributes 1.2% of its annual utility revenues to Wisconsin's Focus on Energy program. Refer to "Energy Efficiency Programs" below for further discussion of energy efficiency programs.

Non-regulated Operations - The strategic plan for Alliant Energy's non-regulated operations involves maintaining a modest portfolio of businesses that are accretive to earnings and cash flows but not significant users of capital.

Generation Plans - Generation plans are reviewed and updated as deemed necessary and in accordance with regulatory requirements. 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 could influence those evaluations. Some of these external factors include regulatory policies and decisions, 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 RPS, environmental requirements, such as any future requirements relating to GHG emissions or renewable energy sources, and federal and state tax incentives.

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Natural Gas-Fired Generation -
IPL's Construction of Marshalltown - In 2013, the IUB issued an order approving a siting certificate and establishing rate-making principles for IPL's construction of an approximate 650 MW natural gas-fired combined-cycle EGU in Marshalltown, Iowa, referred to as Marshalltown. In 2013, IPL accepted the IUB's rate-making principles, which include the following:

- A cost cap of $920 million, including costs to construct Marshalltown, a pipeline to supply natural gas to Marshalltown and transmission network upgrades to transmit electricity from Marshalltown, as well as AFUDC. Any costs incurred in excess of the cost cap are expected to be incorporated into rates if determined to be reasonable and prudent.
- An 11% return on common equity for the 35-year depreciable life of Marshalltown and a 10.3% return on common equity for the calculation of AFUDC related to the construction of Marshalltown.
- The application of double leverage is deferred until IPL's next retail electric base rate case or other proceeding.

In 2013, the IUB approved the construction of a pipeline for the transportation of natural gas to Marshalltown. After receiving the final necessary regulatory approvals and permits in the second quarter of 2014, IPL began constructing Marshalltown. IPL currently expects to place Marshalltown in service in the second quarter of 2017.

ITC is currently expected to construct the majority of the required transmission network upgrades for Marshalltown. IPL currently anticipates that ITC will pursue an option under the terms of MISO's Attachment "X" tariff to self-fund these transmission network upgrades. As a result, ITC would incur the capital expenditures to construct the transmission network upgrades and include a direct charge for such transmission network upgrade costs as part of its electric transmission service costs billed to IPL as the owner of Marshalltown. Refer to Note 3 for further discussion of Marshalltown.

WPL's Proposed Construction of the Riverside Expansion - WPL currently plans to file a CPCN application with the PSCW in early 2015 for approval to construct an approximate 650 MW natural gas-fired combined-cycle EGU in Beloit, Wisconsin, referred to as the Riverside expansion. A decision from the PSCW on WPL's request is currently expected by mid-2016. Construction of the Riverside expansion is also subject to the receipt of various approvals and permits necessary to construct and operate the EGU. Subject to such approvals, construction is currently expected to begin in 2016 and be completed by early 2019. Capital expenditures are currently estimated to be approximately $725 million to $775 million to construct the EGU and a pipeline to supply natural gas to the EGU. The estimated capital expenditures exclude transmission network upgrades and AFUDC. The Riverside expansion would replace energy and capacity being eliminated with the expected retirements of Edgewater Units 3 and 4, Nelson Dewey Units 1 and 2, and the Rock River and Sheepskin Combustion Turbine Units, which in aggregate have a nameplate capacity of approximately 700 MW.

In May 2014, the PSCW authorized WPL to defer the retail portion of incremental pre-certification and pre-construction costs associated with this proposed EGU beginning March 2014. WPL currently estimates deferral of such costs will be approximately $11 million in aggregate by December 31, 2015.

Coal-Fired Generation -
Emission Controls Projects - The strategic plan includes new emission controls at 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 2015 through 2018 currently anticipated for these projects. Refer to Note 3 for discussion of individual emission controls projects placed in service in 2014.

Generation Improvement Projects - The strategic plan includes investments in generation maintenance and performance improvements at newer, larger and more efficient coal-fired EGUs, including WPL's Edgewater Unit 5 and Columbia Units 1 and 2. Refer to "Liquidity and Capital Resources" for details regarding estimated capital expenditures in 2015 through 2018 for these generation maintenance and performance improvement projects. Construction of IPL's Ottumwa Unit 1 generation maintenance and performance improvements was completed in 2014.

Columbia Units 1 and 2 - In January 2014, WPL received an order from the PSCW approving a request for generation maintenance and performance improvements at Columbia Units 1 and 2. WPL's portion of the capital expenditures for the projects, excluding AFUDC, is currently estimated to be between $55 million and $65 million. WPL currently expects to begin construction in the first half of 2015 and place the projects in service by the end of 2017.

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Plant Retirements or Fuel Switching - The current strategic plan includes the retirement of several older, smaller and less efficient EGUs in the next few years as follows:

EGU (In-Service Year)	Nameplate Capacity (a)	Expected Action (b)
IPL:		
Dubuque Units 3 and 4 (1952-1959)	66 MW	Retire by December 31, 2016 (c)
Fox Lake Unit 1 (1950)	11 MW	Retire by December 31, 2017
Fox Lake Unit 3 (1962)	82 MW	Retire by December 31, 2017 (c) (d)
Sutherland Units 1 and 3 (1955-1961)	119 MW	Retire by December 31, 2017 (d)
Other units	Approximately 200 MW	Retire by December 31, 2017 (d)
WPL:		
Edgewater Unit 3 (1951)	69 MW	Retire by December 31, 2015 (e)
Nelson Dewey Units 1 and 2 (1959-1962)	227 MW	Retire by December 31, 2015 (e)
Edgewater Unit 4 (1969)	239 MW (f)	Retire by December 31, 2018 (g)
Rock River Combustion Turbine Units 3-6 (1967-1972)	169 MW	Retire by December 31, 2019 (g)
Sheepskin Combustion Turbine Unit 1 (1971)	42 MW	Retire by December 31, 2019 (g)

(a) Nameplate 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 based on historical forced outages.

(b) As of December 31, 2014, the aggregate net book value of EGUs that may be retired in the future in the table above was $57 million for IPL and $88 million for WPL.

(c) IPL received approval from MISO to retire Dubuque Units 3 and 4, contingent on completion of transmission network upgrades necessary for system reliability. Final MISO studies could indicate that the retirement of Fox Lake Unit 3 may result in reliability issues and that transmission network upgrades for system reliability are necessary to enable such retirements. Under the current MISO tariff, the specific timing for the retirement of these EGUs could depend on the timing of the required transmission network upgrades as well as various operational, market and other factors.

(d) The retirements of Fox Lake Unit 3, Sutherland Units 1 and 3, and other units are contingent on the construction of Marshalltown as well as various operational, market and other factors.

(e) WPL received approval from MISO to retire Edgewater Unit 3, and Nelson Dewey Units 1 and 2, contingent on completion of transmission network upgrades necessary for system reliability.

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

(g) The retirements of Edgewater Unit 4 and the Rock River and Sheepskin Combustion Turbine Units are contingent on the construction of the Riverside expansion as well as various operational, market and other factors.

In addition, IPL's M.L. Kapp Unit 2, which was placed in service in 1967 and has a nameplate capacity of 218 MW, is expected to switch from coal to natural gas as its only fuel type in 2015, contingent on approval from MISO.

Alliant Energy, IPL and WPL are working 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 EGUs are subject to change depending on operational, regulatory, market and other factors. The potential retirement of other EGUs within the generation fleet continues to be evaluated.

Nuclear Generation -

IPL's DAEC PPA - In 2013, the IUB issued an order allowing IPL to proceed with a PPA for the purchase of capacity and energy generated by DAEC located near Palo, Iowa. The IUB also authorized IPL to recover the Iowa retail portion of the cost of the DAEC PPA from Iowa retail electric customers through the energy adjustment clause. The terms of the PPA provide IPL the right to the counterparty's entire output quantities (70% of the total plant output) in exchange for payment from IPL to the counterparty based on the amount of MWhs received by IPL. IPL will purchase up to 431 MWs of capacity and the resulting energy from DAEC for a term from February 22, 2014 through December 31, 2025. Among the terms and conditions of the PPA are guarantees by the counterparty 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 2013 order approving the DAEC PPA.

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Wind Generation -
Resources' Franklin County Wind Project - The Franklin County wind project began generating electricity in 2012. Resources is currently selling the electricity output from the wind project into the MISO market as a merchant generator, and is considering different options for this wind project. Such options include entering into a PPA with an independent third party, IPL or WPL; selling the project to an independent third party, IPL or WPL; or continuing to sell the output into the MISO market as a merchant generator. Refer to Note 3 for further discussion of the Franklin County wind project.

Undeveloped Wind Sites - IPL has up to 400 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, RPS, environmental requirements, electricity and fossil fuel prices, wind project costs, technology advancements and transmission capabilities.

Gas Distribution Systems - The Pipeline and Hazardous Materials Safety Administration is expected to expand and/or strengthen regulations related to natural gas transmission and distribution systems in 2015. These changes are expected to help ensure natural gas transmission and distribution systems are properly maintained and operated safely. These changes are also expected to result in more inspections and potential replacement of certain portions of Alliant Energy's, IPL's and WPL's natural gas transmission and distribution systems. In addition, Alliant Energy, IPL and WPL are currently extending various natural gas transmission and distribution systems in their existing Iowa and Wisconsin service territories to serve new customer demand. Estimated capital expenditures for these expected and current projects for 2015 through 2018 are included in the "Gas distribution systems" line in the construction and acquisition expenditures table in "Liquidity and Capital Resources."

Utility Business Divestitures -
IPL's Minnesota Electric and Natural Gas Distribution Assets - Refer to Note 3 for discussion of the MPUC's order approving the proposed sale of IPL's Minnesota natural gas distribution assets, as well as the anticipated sale of IPL's Minnesota electric distribution assets. Alliant Energy and IPL currently do not expect the sales of these assets to have a significant impact on their earnings for 2015.

Environmental Compliance Plans - Environmental compliance plans have been developed to help ensure cost effective compliance with current and proposed environmental laws and regulations. Significant reductions of future emissions of NOx, SO2, PM, mercury and other HAPs at EGUs are expected to be required as a result of these environmental laws and regulations. Environmental compliance plans are reviewed and updated to address various external factors, as deemed necessary and in accordance with regulatory requirements. 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 compliance plans are expected to support. The following table provides current estimates of capital expenditures planned for 2015 through 2018 as well as the total (past and future) project costs for certain emission controls projects included in current environmental compliance plans (in millions):

Generating Unit	Expected In-service Date	Technology (a)	2015	2016	2017	2018	Total Project Cost
IPL:							
Lansing Unit 4	2015	Scrubber	$15	$—	$—	$—	$50-$60
WPL:							

Edgewater Unit 5	2016	Scrubber & Baghouse	120	60	—	—	280-320
Columbia Unit 2	2018	SCR	15	20	25	10	60-80

(a) Scrubber is a post-combustion process that injects lime or lime slurry into the stream of gases leaving the EGU 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.

Baghouse, including carbon injection, is a post-combustion process that injects carbon particles into the stream of gases leaving the EGU boiler to facilitate the capture of mercury in filters or bags. This process can remove more than 85% of mercury emissions.

SCR is a post-combustion process that injects ammonia or urea into the stream of gases leaving the EGU boiler to convert NOx emissions into nitrogen and water. The use of a catalyst enhances the effectiveness of the conversion, enabling NOx emissions reductions of up to 90%.

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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.

IPL's Emission Controls Projects - Under Iowa law, IPL is required to file an EPB biennially. Filing of 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 Iowa Office of Consumer Advocate. An EPB provides a utility's compliance plan and related budget for managing regulated emissions from its coal-fired EGUs in a cost-effective manner. 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. In February 2013, the IUB approved IPL's EPB, which includes the emission controls project for Lansing Unit 4 listed in the above table. Alliant Energy and IPL currently expect the IUB to issue its decision by mid-2015 on an updated EPB, which also includes the emission controls project for Lansing Unit 4 listed in the above table.

Lansing Unit 4 - IPL is constructing a scrubber at Lansing Unit 4 to reduce SO2 emissions at the EGU. The scrubber at Lansing Unit 4 is expected to support compliance obligations for current and anticipated air quality regulatory requirements, including CSAPR.

WPL's Emission Controls Projects - WPL must file a CA application and receive authorization from the PSCW to proceed with any individual emission controls project with an estimated project cost of $10 million or more.

Edgewater Unit 5 - In June 2013, WPL received an order from the PSCW approving WPL's CA application to install a scrubber and baghouse at Edgewater Unit 5 to reduce SO2 and mercury emissions at the EGU. The scrubber and baghouse are expected to support compliance obligations under the MATS Rule and CSAPR, as well as the Consent Decree entered into with the EPA and the Sierra Club in 2013.

Columbia Unit 2 - In January 2015, WPL received an order from the PSCW approving WPL's CA application to install an SCR system at Columbia Unit 2 to reduce NOx emissions at the EGU. The SCR is expected to support compliance obligations for current and anticipated air quality requirements, including CSAPR and requirements under the Consent Decree referenced above.

Refer to Note 16(e) for discussion of a Consent Decree approved by the Court in 2013, which includes a requirement for WPL to install emission controls systems noted above at certain of its EGUs.

Energy Efficiency Programs - Several energy efficiency programs and initiatives help customers reduce their energy usage and related costs through the use of new energy efficient equipment, products and practices. The following are current key energy efficiency programs:

IPL EEP - In 2013, IPL received an order from the IUB approving IPL's EEP for 2014 through 2018. The EEP includes IPL spending approximately $400 million for electric and natural gas energy efficiency programs in Iowa from 2014 through 2018, and is expected to conserve electric and natural 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 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 2014 and 2013, WPL contributed 1.2% of annual utility revenues to help fund Focus on Energy, Wisconsin's state-wide energy efficiency and renewable energy resource program.

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RATE MATTERS

Overview - Alliant Energy has two utility subsidiaries, IPL and WPL. IPL and WPL 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 EGUs and related activities.

Retail Base Rate Filings - Details of IPL's and WPL's recent retail base rate cases impacting historical and future results of operations are as follows (dollars in millions; Electric (E); Gas (G)):

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 2015/2016 Test Period	E/G	Apr-14	N/A	N/A	E-$0;G-($5)	Jan-15
Wisconsin 2013/2014 Test Period	E/G	May-12	N/A	N/A	E-$0;G-($13)	Jan-13
IPL:						
Iowa 2011 Test Year	G	May-12	$9	Jun-12	$11	Jan-13

(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 effective.

(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 net income for either IPL or WPL.

WPL's Wisconsin Retail Electric and Gas Rate Case (2015/2016 Test Period) - In July 2014, WPL received an order from the PSCW authorizing WPL to maintain retail electric base rates at their current levels through the end of 2016. The retail electric base rate case included a return of and a return on costs for emission controls projects at Columbia Units 1 and 2 and Edgewater Unit 5, generation performance and reliability improvements at Columbia Units 1 and 2, other ongoing capital expenditures, and an increase in electric transmission service expense. The additional revenue requirement for these cost increases was offset by the impact of changes in the amortization of regulatory liabilities associated with energy efficiency cost recoveries and increased sales volumes. The order also authorizes WPL to implement a $5 million decrease in annual retail gas base rates effective January 1, 2015 followed by a freeze of such gas base rates through the end of 2016.

The order requires escrow treatment of major transmission charges, allows continuation of an 8.2% AFUDC recovery rate, and allows 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 regulatory return on common equity falls below 8.5%; and (2) WPL must defer a portion of its earnings if its annual regulatory return on common equity exceeds 10.65% during the test period. WPL must defer 50% of its excess earnings between 10.65% and 11.40%, and 100% of any excess earnings above 11.40%. In addition, the order allows WPL to maintain its ability to request deferrals based on current practices.

Refer to Note 2 for discussion of WPL's retail fuel-related filing for 2015. The fuel-related cost component of WPL's retail electric rates for 2016 will be addressed in a separate filing. Refer to Note 7 for details of WPL's regulatory limitation on distributions of common stock dividends to its parent company in 2015 and 2016.

WPL's Wisconsin Retail Electric and Gas Rate Case (2013/2014 Test Period) - In July 2012, WPL received an order from the PSCW authorizing WPL to implement a decrease in annual retail gas base rates of $13 million effective January 1, 2013 followed by a freeze of such gas base rates through the end of 2014. The order also authorized WPL to maintain retail electric base rates 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. The order included continuation of a 10.4% return on common equity and a provision that required WPL to defer a portion of its earnings if its annual regulatory 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%. As of December 31, 2014, Alliant Energy and WPL deferred $9 million of WPL's 2013 and 2014 earnings for this provision.

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Refer to Note 2 for details of WPL's retail fuel-related filings for 2013 and 2014 and details of impacts to "Regulatory assets" on Alliant Energy's and WPL's balance sheets from the PSCW's July 2012 order.

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 November 2012, the IUB approved a settlement agreement between IPL, the Iowa Office of Consumer Advocate and the Iowa Consumers Coalition related to IPL's request resulting in 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 the adoption of IPL's gas tax benefit rider discussed below.

IPL's Iowa Retail Electric Rate Settlement Agreement - In January 2013, the IUB issued an order allowing IPL to proceed with its DAEC PPA for a term of February 22, 2014 through December 31, 2025 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 encouraged IPL to continue discussions with parties to the DAEC PPA proceeding to reach an agreement to resolve concerns expressed by such parties during the proceeding regarding rate impacts for IPL's Iowa retail electric customers beginning in 2014.

In September 2014, the IUB approved a settlement agreement, which was based on a unanimous agreement among parties to the DAEC PPA proceeding. The settlement agreement extends IPL's Iowa retail electric base rates authorized in its 2009 test year case through 2016 and provides retail electric customer billing credits of $105 million in aggregate, including targeting $70 million in 2014 (beginning May 2014), $25 million in 2015 and $10 million in 2016. In 2014, IPL recorded $72 million of such retail electric customer billing credits. IPL will make adjustments to future billing credits to provide retail electric customer billing credits of $105 million in aggregate. The settlement agreement included the continuation of the energy adjustment clause, transmission cost rider and electric tax benefit rider credits; the ability for IPL to seek rate relief if a significant event occurs; and the ability for parties to the DAEC PPA proceeding to request show cause action if IPL's Iowa retail electric return on common equity exceeds 11% for 2014, 2015 or 2016.

Items considered in settlement discussions included costs for emission controls at Ottumwa Unit 1, George Neal Units 3 and 4, Burlington Unit 1 and Prairie Creek Units 3 and 4, generation performance and reliability improvements at Ottumwa Unit 1, and other ongoing capital expenditures; the elimination of purchased electric capacity payments from the previous DAEC PPA that ended in February 2014; and costs of the new DAEC PPA. IPL assumes no change to its current authorized return on common equity and common equity component of the regulatory capital structure authorized in its 2009 test year case.

WPL's Retail Fuel-related Rate Filings - Refer to Note 2 for discussion of WPL's retail fuel-related rate filings for test years 2012 through 2015.

IPL's Tax Benefit Riders - 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 repairs expenditures, allocation of insurance proceeds from floods in 2008 and allocation of mixed service costs. In 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 IRS audit. The 2012 report filed by IPL identified approximately $500 million of such tax benefits, which included $452 million allocated for use with the electric tax benefit rider and $48 million allocated for use with the gas tax benefit rider discussed below. Refer to “Property Method Changes” below for discussion of additional tax benefits recorded in 2014 from two additional tax accounting method changes implemented in 2014.

Electric - The electric tax benefit rider, which was approved by the IUB and implemented in 2011, utilizes amounts from the regulatory liability account to credit bills of Iowa retail electric customers to help offset the impact of rate increases on such customers. These credits on customers’ electric bills reduce electric revenues based on customers’ KWh usage. In December 2014, the IUB issued an order authorizing $75 million of regulatory liabilities from tax benefits to be credited to IPL’s retail electric customers’ bills in Iowa during 2015 through the electric tax benefit rider. In December 2014, the IUB also authorized IPL to reduce the $75 million of billing credits on customers’ bills by $15 million in 2015 to recognize the revenue

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requirement impact of the changes in tax accounting methods. IPL expects the IUB will approve distribution of any remaining benefits in 2016 and 2017.

Gas - 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. These credits on customers' gas bills reduce gas revenues based on a fixed amount per day. In November 2012, IPL received an order from the IUB authorizing the gas tax benefit rider. The IUB's order authorized approximately $12 million of regulatory liabilities from tax benefits to be credited to IPL's retail gas customers' bills in Iowa annually from January 2013 through December 2015 through the gas tax benefit rider. Any remaining benefit, including any portion not utilized of the agreed upon amount from January 2013 through December 2015, is expected to be credited to Iowa's retail gas customers' bills in 2016.

Utilization of Tax Benefit Riders - IPL's tax benefit riders regulatory liability account has been utilized to credit bills of Iowa retail electric customers as follows:

	Electric	Gas	Total
Regulatory liability account balance approved by IUB	$452	$48	$500
2011 through 2014 customer billing credits	(308)	(23)	(331)
2015 customer billing credits (estimate)	(75)	(12)	(87)
Remaining balance available for future periods	$69	$13	$82

Property Method Changes - Refer to Note 2 for discussion of $75 million of additional tax benefits recorded in 2014 in another regulatory liability account from two additional tax accounting method changes implemented in 2014, which IPL currently anticipates refunding to its Iowa retail electric and gas customers in the future.

Refer to Notes 2 and 11 for additional discussion of the impacts of the electric and gas tax benefit riders on Alliant Energy's and IPL's regulatory assets and regulatory liabilities, income tax expense and effective income tax rates.

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)):

Jurisdictions	Test Period/Year	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 (c)
- Whispering Willow - East (b)	2009	11.09 %	48.2%	6.5%	45.3%	N/A	8.61%	266 (c)
- Other (b)	2009	9.53 %	48.2%	6.5%	45.3%	N/A	7.86%	1,843 (c)
Gas (d)	2011	9.56 %	48.8%	5.0%	46.2%	N/A	7.76%	255 (c)
Minnesota retail (MPUC):								
Electric	2009	10.35 %	47.7%	6.3%	43.9%	2.1%	8.11%	126 (e)(f)
Gas	1994	10.75 %	41.0%	7.4%	44.0%	7.6%	8.82%	7 (f)
Wholesale electric (FERC) (g)	2014	10.97 %	47.9%	5.5%	46.7%	N/A	7.95%	39 (h)
WPL:								
Wisconsin retail (PSCW):								
Electric	2015	10.40 %	50.5%	N/A	48.9%	0.6%	7.90%	2,329 (i)

Electric	2016	10.40	%	51.0%	N/A	46.2%	2.8%	7.84%	2,450 (i)
Gas	2015	10.40	%	50.5%	N/A	48.9%	0.6%	7.90%	201 (i)
Gas	2016	10.40	%	51.0%	N/A	46.2%	2.8%	7.84%	204 (i)
Wholesale electric (FERC) (j)	2014	10.90	%	55.0%	N/A	45.0%	N/A	8.45%	274 (k)

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(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 a January 2011 IUB order. Prior to the application of double leverage, authorized returns on common equity were: 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) Average rate base is calculated using a 13-month average adjusted for post-test year capital additions placed in service by September 30 following the end of the test year.

(d) 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%.

(e) 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. Refer to Note 3 for details of the final recovery amount of the Whispering Willow - East capital costs.

(f) Average rate base is calculated using a 13-month average adjusted for certain post-test year capital additions.

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

(h) IPL'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 IPL's approved formula rates.

(i) Average rate base amounts do not include CWIP or a cash working capital allowance and are calculated using a 13-month average. The PSCW provides a return on selected CWIP and a cash working capital allowance by adjusting the percentage return on rate base.

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

(k) 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.

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 by installing controls that reduce emissions and by implementing operational modifications or other measures to address compliance obligations. These programs are subject to continuing review and are periodically revised due to various factors, including but not limited to changes in environmental regulations, litigation of environmental requirements, construction plans and compliance costs. There is currently significant regulatory uncertainty with respect to a number of environmental rules and regulations discussed below. Given the dynamic nature of environmental regulations and other related regulatory requirements, Alliant Energy, IPL and WPL have compliance plans to address these environmental obligations. Future expenditures for environmental compliance are expected to be material, including significant capital investments. Prudent expenditures incurred by IPL and WPL to comply with environmental requirements would likely be recovered in rates from their customers. Refer to "Strategic Overview - Environmental Compliance Plans" for details of environmental compliance plans, including discussion of specific projects and the associated estimated capital expenditures. The following are major environmental matters that could potentially have a significant impact on financial condition and results of operations.

Air Quality - The CAA and its amendments mandate preservation of air quality through existing regulations and periodic reviews to ensure adequacy of the CAA 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 rules address six "criteria" pollutants, four of which (NOx, SO2, PM and ozone) are particularly relevant to electric utility operations. Ozone is not directly emitted from EGUs; however, NOx emissions may contribute to its formation in the atmosphere. Fine particulate matter may also be formed in the atmosphere from SO2 and NOx

emissions.

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 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 rules that may affect operations are listed in the table below. Refer to the sections below the following tables for detailed discussion of the following air quality rules.

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Environmental Rule	Emissions Regulated	Alliant Energy's Primary Facilities Potentially Affected	Actual/Anticipated Compliance Deadline
CSAPR	SO2, NOx	Fossil-fueled EGUs over 25 MW capacity in IA, WI and MN	Phase I - 2015; Phase II - 2017
CAVR	SO2, NOx, PM	Fossil-fueled EGUs built between 1962 and 1977 in IA and WI	TBD
MATS Rule	Mercury and other HAPs	Coal-fired EGUs over 25 MW capacity in IA and WI	April 2015 (a)
Industrial Boiler and Process Heater MACT Rule	Mercury and other HAPs	IPL's Prairie Creek boilers 1, 2 and 5	January 2016 (a)
Ozone NAAQS Rule	NOx	Fossil-fueled EGUs in non-attainment areas	December 2015
NO2 NAAQS Rule	NO2	Fossil-fueled EGUs in non-attainment areas	TBD
SO2 NAAQS Rule	SO2	Fossil-fueled EGUs in non-attainment areas	TBD
CAA Section 111(d)	CO2	Existing fossil-fueled EGUs over 25 MW capacity	Phase I - 2020-2029; Phase II - 2030
CAA Section 111(b)	CO2	Marshalltown and WPL's proposed Riverside expansion	Upon startup of EGU

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

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

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

(a) M.L. Kapp Unit 2 is expected to switch from coal to natural gas as the only fuel type in 2015, contingent on approval from MISO.

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

CSAPR - CSAPR is a regional SO2 and NOx cap-and-trade program, where compliance with emission limits may be achieved by purchasing emission allowances and/or reducing emissions through changes in operations or the additions of emission controls. In 2015, CSAPR replaced CAIR. Compliance with CSAPR emissions limits began in 2015, with

additional emissions limits reductions beginning in 2017. The emission allowances used for Acid Rain and CAIR program compliance cannot be used for compliance with CSAPR. CSAPR emission allowances may be banked for future year compliance. Alliant Energy, IPL and WPL will continue to monitor legal and regulatory developments related to CSAPR and currently expect to meet the final compliance requirements based on planned and completed emission controls projects for various EGUs.

CAVR - CAVR requires states to develop and implement plans to address visibility impairment in designated national parks and wilderness areas across the U.S. with a national goal of no impairment by 2064. These implementation plans require BART emission controls at certain IPL and WPL fossil-fueled EGUs that were built between 1962 and 1977 and other additional measures needed for reducing state contributions to regional haze. 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.

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In 2012, the EPA published a final rule (BART-CSAPR Rule) that allowed BART obligations for SO2 and NOx emissions to be fulfilled by compliance with CSAPR. In 2012, the EPA approved Wisconsin's CAVR plan, which relied on the EPA's BART-CSAPR rule. In 2012, the EPA issued a federal plan specifying that Iowa's compliance with CSAPR would be sufficient to meet CAVR requirements. Groups have legally challenged the EPA's reliance on CSAPR to satisfy CAVR BART requirements. Alliant Energy, IPL and WPL currently expect to comply with CSAPR requirements, thereby satisfying CAVR BART requirements.

MATS Rule - In 2011, the EPA issued the final MATS Rule for existing coal-fired EGUs, which requires emission limits for mercury and other HAPs and work practice standards. Compliance with the MATS Rule is required by April 2015; however, an entity can request an additional year for compliance for EGUs that are needed to assure power reliability, EGUs needed while building replacement generation or repowering to gas, or EGUs that need additional time to install air emission controls technology. In February 2014, the Wisconsin DNR approved an extension to the MATS Rule compliance deadline for WPL's Edgewater Unit 3 and Nelson Dewey Units 1 and 2 to April 2016. In February 2015, IPL filed with the EPA for approval to extend the MATS Rule compliance deadline to April 2016 for M.L. Kapp Unit 2. In 2014 and 2013, IPL and WPL implemented emission controls projects at several of their newer, larger and more efficient EGUs. Construction of lower-cost emission controls projects at IPL's Burlington Unit 1 and Prairie Creek Units 3 and 4, and WPL's Edgewater Unit 4 were also completed in 2014. These projects support compliance obligations for current and anticipated air quality regulatory requirements, including the MATS Rule. As a result of these projects and the requests for extension of the compliance deadline for three EGUs, additional capital investments and modifications to IPL's and WPL's EGUs to comply with the MATS Rule are currently not expected to be significant. Given that this rule remains subject to legal challenges, and could possibly be revised or invalidated pending the outcome of court decisions, Alliant Energy, IPL and WPL are currently unable to predict with certainty the impact of the MATS Rule on their financial condition and results of operations.

In accordance with Wisconsin Statutes, EGUs complying with the MATS Rule by April 2015 would no longer be subject to the Wisconsin State Mercury Rule.

Industrial Boiler and Process Heater MACT Rule - In 2012, the EPA issued a final reconsidered Industrial Boiler and Process Heater MACT Rule with a compliance deadline of January 2016 for major sources; however, an entity can request an additional year for compliance, which may be granted on a case-by-case basis by state permitting authorities. In December 2014, the EPA issued notices of reconsideration for select elements of the rule. 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 generating facilities. The rule requires compliance with HAPs emission limitations and work practice standards. Given that this rule remains subject to legal challenges in the D.C. Circuit Court, Alliant Energy and IPL 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 generating facilities to meet compliance requirements of the rule could be significant. Future capital investments and modifications to WPL's generating facilities to comply with this rule are currently not expected to be significant.

Ozone NAAQS Rule - The 2008 ozone NAAQS rule may require a reduction of NOx emissions in certain non-attainment areas based on classifications assigned by the EPA. There are five non-attainment classifications: marginal, moderate, serious, severe and extreme. In 2012, the EPA issued a final rule that classified Sheboygan County in Wisconsin as marginal ozone non-attainment, which requires this area to achieve the 2008 eight-hour ozone NAAQS by December 2015. WPL operates Edgewater and Sheboygan Falls in Sheboygan County, Wisconsin. The final rule does not list any non-attainment areas in Iowa or Minnesota that impact IPL. In 2013, the EPA issued a proposed rule 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 2012 is

expected to assist with possible compliance obligations under the ozone NAAQS SIP for Wisconsin. In November 2014, the EPA proposed changes to make the current ozone NAAQS rule more stringent. The EPA is expected to issue a final revised ozone NAAQS rule in 2015. Given the Wisconsin DNR has not yet issued an eight-hour ozone non-attainment SIP, and the 2008 standard may be revised, Alliant Energy and WPL are currently unable to predict with certainty the impact of the ozone NAAQS rule on their financial condition and results of operations.

NO2 NAAQS Rule - In 2010, the EPA issued a final rule that establishes a new one-hour NAAQS for NO2. In 2012, the EPA issued a final rule that does not propose to designate any non-attainment areas in Iowa, Wisconsin or Minnesota. The EPA is expected to re-evaluate these designations in 2016 based on expanded monitoring data. 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. In 2013, the EPA finalized non-attainment designations for certain areas in the U.S. currently exceeding the SO2 standard based on ambient monitoring data, including part of Iowa and Wisconsin; however, IPL and WPL do not operate any EGUs in these areas. Non-attainment designations for the remainder of the U.S. have been delayed to allow for modeling and collection of additional monitoring data. A monitoring device has been installed near one of IPL's EGUs, which could result in this area receiving a non-attainment designation. Alliant Energy and IPL are currently unable to predict with certainty the outcome of such monitoring activities. In May 2014, the EPA proposed a schedule for completing designations using modeled sources by December 2017 and using monitored sources by December 2020. Given that this rule remains subject to legal challenges and the EPA has not yet designated non-attainment areas for any areas where IPL or WPL operate EGUs, Alliant Energy, IPL and WPL are currently unable to predict with certainty the impact of the SO2 NAAQS rule on their financial condition and results of operations.

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.

In 2009, the EPA issued a finding that GHG emissions contribute to climate change, and therefore, threaten public health and welfare. This enabled the EPA to issue rules to report and regulate GHG emissions under the authority of the CAA. The EPA Mandatory GHG Reporting rule requires sources above certain threshold levels to monitor and report emissions. 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 CO2e and include those facilities that emit 25,000 metric tons or more of CO2e annually. Annual emissions reported to the EPA for electric utility and natural gas distribution operations, in terms of total mass of CO2e, were as follows (in millions of metric tons):

	Alliant Energy			IPL			WPL		
	2013	2012	2011	2013	2012	2011	2013	2012	2011
CO2e emissions (a)	26.6	25.2	26.7	10.9	10.8	12.1	15.7	14.4	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.

GHG Tailoring Rule - In 2010, the EPA issued the GHG Tailoring Rule, which establishes a GHG emissions threshold for major sources under the PSD construction permit and Title V operation permit. In June 2014, the Supreme Court ruled that the EPA may not treat GHG emissions as "air pollutants" for determining whether a major source is required to obtain a PSD or Title V permit, but held that the EPA can continue requiring Best Available Control Technology for GHG emissions from sources otherwise subject to review under the PSD program. This rule remains subject to legal challenges and further rulemaking may also be required to update state regulations implementing the GHG Tailoring Rule to make the Supreme Court's decision effective.

Clean Air Act Section 111(d) - In June 2014, the EPA issued proposed standards under Section 111(d) of the CAA to reduce CO2 emissions from existing fossil-fueled EGUs. The EPA's proposal is based on broad measures that can reduce CO2 emissions from existing fossil-fueled EGUs, including making existing coal-fired EGUs more efficient, increasing dispatch of existing combined-cycle natural gas-fired EGUs, maintaining or expanding zero- or low-CO2 energy resources such as renewables and nuclear, and reducing customer demand for electricity through energy efficiency programs. The state-specific goals are based on an emissions rate basis measured in pounds per net MWh. The EPA is proposing a two-part goal structure: an "interim goal" that each state meets an average threshold over the period from 2020 through 2029, and a "final goal" based on a three-year rolling average that each state meets beginning in 2030.

State plans will determine the specific compliance requirements applicable to EGUs. Each state has flexibility in determining how to achieve the goals, which can include the broad measures included by the EPA as well as any other enforceable measures that the state can demonstrate will reduce CO2 emissions from existing fossil-fueled EGUs. The EPA also proposed to give states the option to convert the rate-based goal to a mass-based goal measured in tons. States can develop a state-only plan or collaborate in developing regional multi-state plans. State plans that provide details of how these guidelines are to be met would be required by June 30, 2016. If a state needs additional time and provides proper notification and explanation, the EPA's proposal allows for a one-year extension to submit state-only plans and a two-year extension if a state elects to join a regional multi-state program. In August 2014, the EPA's legal authority to issue the proposed standards under Section 111(d) of the CAA was challenged. The EPA is currently expected to issue final standards in 2015. Depending on the measures included in state plans for Iowa and Wisconsin, the expected dates for the retirement and fuel switching of certain of IPL's and WPL's coal-fired EGUs may be impacted by the new requirements. The implications of these new

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requirements and the resolution of legal challenges remain highly uncertain, and as a result Alliant Energy, IPL and WPL are currently unable to predict with certainty the final outcome of these standards, but expect that expenditures to comply with any regulations to reduce GHG emissions could be significant.

Clean Air Act Section 111(b) - In January 2014, the EPA published revised proposed New Source Performance Standards under Section 111(b) of the CAA for GHG emissions, which would establish CO2 emissions limits for certain new fossil-fueled EGUs. Marshalltown and WPL's proposed Riverside expansion are expected to be impacted by these proposed standards and would be constructed to achieve compliance with these standards. The EPA is currently expected to issue final standards in 2015.

WPL Consent Decree - Refer to Note 16(e) for discussion of a Consent Decree approved by the Court in 2013 and WPL's obligations thereunder. The Consent Decree resolves 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 Columbia, Edgewater and Nelson Dewey.

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, such as those addressed by the WPL Consent Decree. 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 - In August 2014, the EPA published a final rule related to Section 316(b) of the Federal Clean Water Act to regulate cooling water intake structures and minimize adverse environmental impacts to fish and other aquatic life. This rule applies to existing and new cooling water intake structures at certain steam generating and manufacturing facilities. IPL and WPL have identified nine (Ottumwa 1, Prairie Creek Units 3-4, Fox Lake Units 1 and 3, Lansing Unit 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) generating facilities, respectively, which may be impacted by the final Section 316(b) Rule. Compliance with this final rule will be incorporated during periodic facility permit renewal cycles, with final compliance anticipated by 2022. Alliant Energy, IPL and WPL have completed a preliminary assessment of the final Section 316(b) rule and expect to begin generating facility studies in 2015. Alliant Energy, IPL and WPL do not currently believe there will be a significant impact from the EPA's Section 316(b) rule on their financial condition and results of operations.

Effluent Limitation Guidelines - In 2013, the EPA issued proposed effluent limitation guidelines, which would require changes to discharge limits for wastewater from steam generating facilities. IPL and WPL have identified eleven (Emery Units 1-3, Ottumwa Unit 1, Prairie Creek Units 3-4, Fox Lake Units 1 and 3, Lansing Unit 4, Dubuque Units 3-4, M.L. Kapp Unit 2, Burlington Unit 1, Sutherland Units 1 and 3, George Neal Units 3-4 and Louisa Unit 1) and four (Riverside Units 1-3, Columbia Units 1-2, Nelson Dewey Units 1-2 and Edgewater Units 3-5) existing steam generating facilities, respectively, that are expected to be impacted by these guidelines. In addition, Marshalltown and WPL's proposed Riverside expansion are expected to be impacted by these guidelines. Compliance with these proposed guidelines would be required after July 1, 2017 but before July 1, 2022, depending on each facility's wastewater permit cycle for existing steam generating facilities and immediately upon operation for new steam generating facilities constructed after the issuance of the final guidelines. Given that the EPA has not yet issued final

guidelines, Alliant Energy, IPL and WPL are currently unable to predict with certainty the impact of these guidelines on their financial condition and results of operations, but believe the expenditures to comply with these guidelines could be significant.

Hydroelectric Fish Passage Device - In 2002, FERC issued an order requiring WPL to install a fish passage device at its Prairie du Sac hydro plant. WPL has been working with the FWS and the Wisconsin DNR on the final design for the fish passage device. In 2013, the FWS initiated an environmental study of the fish passage device under the National Environmental Policy Act, which could result in changes to the design of the fish passage device. The FWS has indicated that this environmental study will be completed in 2015. In September 2014, FERC issued an order approving an extension of the project deadline to December 31, 2020. Alliant Energy and WPL currently believe the required capital investments and/or modifications to install the currently designed fish passage device at the facility could be approximately $15 million.

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Land and Solid Waste -
Coal Combustion Residuals Rule - In December 2014, the EPA issued the final CCR rule, which regulates CCR as a non-hazardous waste. The final rule establishes minimum criteria for disposing of CCR in landfills and surface impoundments (ash ponds), and allows for continued operation of ash ponds if they meet certain location and performance criteria. Compliance with the final rule is specific for each ash pond and landfill. Individual ash ponds or landfills not meeting performance criteria must initiate corrective action or be subject to closure. The final rule includes an incentive of no further regulation for inactive ash ponds that can be closed within 36 months of the effective date of the CCR rule. IPL and WPL have nine and three existing coal ash ponds related to current and former coal-fired EGUs, respectively. In addition, IPL and WPL have four and two active CCR landfills, respectively. All of these CCR disposal units are subject to the final rule, which is currently anticipated to become effective in 2015. The schedule for compliance with this rule has not yet been established. Alliant Energy, IPL and WPL are currently evaluating the final rule to determine the full impact of the final CCR rule, including any additional AROs that may need to be recognized in 2015 as a result of this rule.

MGP Sites - Refer to Note 16(e) for discussion of IPL's and WPL's MGP sites.

Other - Refer to Note 16(e), Item 1 Business, "Strategic Overview" and "Liquidity and Capital Resources" for further discussion of environmental matters, including discussion of specific projects and the associated estimated capital expenditures.

LEGISLATIVE MATTERS

Overview - Various legislative developments are monitored, including those relating to energy, tax, financial and other matters. Key legislative developments include the following:

FTIP Act - In December 2014, the FTIP Act was enacted. The most significant provisions of the FTIP Act for Alliant Energy, IPL and WPL relate to the extension of bonus depreciation deductions for certain expenditures for property that were incurred through December 31, 2014. As a result, Alliant Energy currently estimates its total bonus depreciation deductions to be claimed on its U.S. federal income tax return for calendar year 2014 will be approximately $450 million ($245 million for IPL and $190 million for WPL). For calendar year 2015, Alliant Energy will be allowed bonus depreciation deductions for certain expenditures incurred through December 31, 2014 and placed in service before January 1, 2016. Alliant Energy currently estimates its total bonus depreciation deductions to be claimed on its U.S. federal income tax return for calendar year 2015 for these expenditures will be approximately $50 million ($40 million for IPL and $10 million for WPL).

ALLIANT ENERGY'S RESULTS OF OPERATIONS

Overview - "Executive Summary" provides an overview of Alliant Energy's 2014 and 2013 earnings and the various components of its business. Additional details of Alliant Energy's 2014, 2013 and 2012 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:

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	Revenues and Costs (dollars in millions)					MWhs Sold (MWhs in thousands)				
	2014	2013	(a)	2012	(b)	2014	2013	(a)	2012	(b)
Residential	$994.5	$1,009.1	(1%)	$975.9	3%	7,697	7,824	(2%)	7,679	2%
Commercial	658.0	649.4	1%	611.4	6%	6,449	6,432	—%	6,352	1%
Industrial	799.0	765.4	4%	741.8	3%	11,821	11,471	3%	11,555	(1%)
Retail subtotal	2,451.5	2,423.9	1%	2,329.1	4%	25,967	25,727	1%	25,586	1%
Sales for resale:										
Wholesale	206.6	195.4	6%	187.6	4%	3,586	3,564	1%	3,317	7%
Bulk power and other	2.9	17.7	(84%)	23.8	(26%)	335	763	(56%)	1,303	(41%)
Other	52.6	52.0	1%	48.8	7%	155	152	2%	151	1%
Total revenues/sales	2,713.6	2,689.0	1%	2,589.3	4%	30,043	30,206	(1%)	30,357	—%
Electric production fuel expense	443.9	431.0	3%	367.2	17%					
Energy purchases expense	408.2	294.0	39%	345.1	(15%)					
Purchased electric capacity expense	25.1	216.8	(88%)	271.5	(20%)					
Margins (c)	$1,836.4	$1,747.2	5%	$1,605.5	9%					

(a) Reflects the % change from 2013 to 2014. (b) Reflects the % change from 2012 to 2013.

(c) Includes $85 million, $79 million and $83 million of credits on IPL's Iowa retail electric customers' bills for 2014, 2013 and 2012, respectively, resulting from the electric tax benefit rider. The electric tax benefit rider resulted in reductions in electric revenues that were offset by reductions in income tax expense for 2014, 2013 and 2012.

Variances between periods in electric margins were as follows (in millions):

2014 vs. 2013 Summary:	Alliant Energy	IPL	WPL
Lower purchased electric capacity expense at IPL related to the previous DAEC PPA, which ended in February 2014	$129	$129	$—
Purchased electric capacity expense at WPL during 2013 related to the Kewaunee PPA, which ended in December 2013	61	—	61
Higher revenues at IPL related to changes in recovery amounts for transmission costs through the transmission rider (a)	18	18	—
Retail electric customer billing credits at IPL (b)	(72)	(72)	—
Estimated decrease from changes in sales caused by weather conditions	(17)	(13)	(4)
Lower wholesale margins (c)	(11)	(4)	(7)
Changes in electric fuel-related costs, net of recoveries at WPL	(9)	—	(9)
Changes in revenue requirement adjustment related to certain tax benefits from tax accounting method changes at IPL (d)	(9)	(9)	—
Lower revenues at IPL due to changes in credits on Iowa retail electric customers' bills resulting from the electric tax benefit rider (d)	(6)	(6)	—
Other (e)	5	(1)	7
	$89	$42	$48

2013 vs. 2012 Summary:	Alliant Energy	IPL	WPL
Higher revenues at IPL related to changes in recovery amounts for transmission costs through the transmission rider (a)	$60	$60	$—

Purchased electric capacity expense at WPL during 2012 related to the Riverside PPA, which terminated in December 2012	59	—	59
Changes in revenue requirement adjustment related to certain tax benefits from tax accounting method changes at IPL (d)	24	24	—
Estimated increase (decrease) from changes in sales caused by weather conditions	(11)	1	(12)
Other (e)	10	(3)	13
	$142	$82	$60

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(a) Higher transmission rider revenues were offset by higher electric transmission service expense.
(b) Billing credits began in May 2014 related to the approved settlement agreement for IPL's Iowa retail electric rates. Refer to "Rate Matters - IPL's Iowa Retail Electric Rate Settlement Agreement" for further discussion.
(c) Primarily due to lower nuclear capacity costs in 2014 which are included in the rates charged to wholesale customers.
(d) Refer to Note 2 for further discussion of IPL's revenue requirement adjustment and electric tax benefit rider.
(e) Includes increases in weather-normalized retail sales volumes at WPL in 2014 and 2013. Refer to "Sales Trends" below for more information.

Forecast - Refer to "Rate Matters" for discussion of anticipated reductions of IPL's retail electric customer billing credits in 2015 related to the approved settlement agreement for IPL's Iowa retail electric rates and the electric tax benefit rider. Refer to Note 2 for WPL's retail electric base rate case order received by WPL in July 2014 for the 2015/2016 test period and the order received by WPL in December 2014 for the retail fuel-related rate case for 2015.

Weather Conditions - 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. HDD data is used to measure the variability of temperatures during winter months and is correlated with both electric and gas sales demand. CDD data is used to measure the variability of temperatures during summer months and is correlated with electric sales demand. HDD and CDD in Alliant Energy's service territories were as follows:

	Actual			
HDD (a):	2014	2013	2012	Normal (a)
Cedar Rapids, Iowa (IPL)	7,657	7,232	5,901	6,763
Madison, Wisconsin (WPL)	7,884	7,627	5,964	7,031
CDD (a):				
Cedar Rapids, Iowa (IPL)	670	884	1,052	755
Madison, Wisconsin (WPL)	620	709	1,070	658

(a) HDD and 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 HDD and CDD.

Estimated increases to electric margins from the impacts of weather were as follows (in millions):

	2014	2013	2012
IPL	$3	$16	$15
WPL	5	9	21
Total Alliant Energy	$8	$25	$36

Electric Production Fuel and Energy Purchases (Fuel-related) Cost Recoveries - Fossil fuels, such as coal and natural gas, are burned to produce electricity at EGUs. The cost of fossil fuels used during each period is included in electric production fuel expense. Electricity is also purchased to meet customer demand and these costs are charged to energy purchases expense. The impact on electric margins of changes in electricity volumes generated from EGUs, changes in energy volumes purchased and changes in bulk power sales volumes generally offset.

Due to IPL's cost 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 electric margins. WPL's cost 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 electric margins.

WPL's cost recovery mechanism for retail fuel-related costs provides deferral for amounts that fall outside an approved bandwidth of plus or minus 2%. The difference between revenue collected and actual fuel-related costs incurred within the bandwidth increase or (decrease) electric margins. WPL estimates the increase (decrease) to electric margins from amounts within the bandwidth were approximately ($5) million, $4 million and $6 million in 2014, 2013, and 2012, respectively. Refer to Note 2 for discussion of fuel-related costs incurred by WPL that were outside the approved annual bandwidth for 2014 and 2012.

Refer to "Other Matters - Market Risk Sensitive Instruments and Positions" for further discussion of risks associated with increased fuel-related expenses on WPL's electric margins. Refer to "Rate Matters" and Note 1(g) for additional information relating to recovery mechanisms for fuel-related expenses.

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2014 vs. 2013 Summary - Electric production fuel expense increased $13 million in 2014 primarily due to the unseasonably cold weather conditions in Alliant Energy's service territory in the first quarter of 2014, which resulted in higher commodity prices and increased customer demand in the first quarter of 2014. This contributed to higher MISO dispatch of IPL's and WPL's EGUs in the first quarter of 2014. The increase in 2014 was also due to changes in the under-/over-collection of fuel-related costs at IPL. These items were partially offset by deferred fuel-related costs incurred that fell outside the approved bandwidth for 2014 at WPL, as well as lower dispatch at WPL's coal-fired EGUs during the third quarter of 2014, which included impacts of lower than planned coal deliveries.

Energy purchases expense increased $114 million in 2014 primarily due to increased prices for electricity, partially resulting from IPL's new DAEC PPA and the expiration of WPL's Kewaunee PPA, and increased volumes partially due to lower dispatch of WPL's coal-fired EGUs during the third quarter of 2014. The increase was also due to extremely cold temperatures in the first quarter of 2014 contributing to higher prices for electricity purchased by IPL and WPL from wholesale energy markets (primarily MISO) for 2014.

2013 vs. 2012 Summary - Electric production fuel expense increased $64 million and energy purchases expense decreased $51 million in 2013. Higher MISO dispatch of WPL's generating facilities during 2013 compared to 2012 resulted in an increase in electric production fuel expense and a decrease in energy purchases expense for Alliant Energy and WPL. These changes were partially due to the Riverside PPA being terminated in conjunction with WPL's acquisition of Riverside in December 2012. Partially offsetting the decrease in energy purchases expense for Alliant Energy was an increase in energy purchases expense at IPL primarily due to higher prices for electricity purchased from wholesale energy markets (primarily MISO) in 2013.

Purchased Electric Capacity Expense - PPAs help meet customer demand. Certain of these PPAs included minimum payments for IPL's and WPL's rights to electric generating capacity. The previous DAEC PPA expired in February 2014, the Kewaunee PPA expired in December 2013 and the Riverside PPA terminated in conjunction with WPL's acquisition of Riverside in 2012. Details of purchased electric capacity expense included in the utility electric margins table above were as follows (in millions):

	2014	2013	2012
DAEC PPA (IPL)	$25	$154	$152
Kewaunee PPA (WPL)	—	61	59
Riverside PPA (WPL)	—	—	59
Other	—	2	2
	$25	$217	$272

Forecast - Purchased electric capacity expense at Alliant Energy and IPL is expected to decrease in 2015 compared to 2014 due to the expiration of the previous DAEC PPA in February 2014 and the new DAEC PPA effective February 2014 not containing minimum payments for electric generating capacity.

Sales Trends - Retail sales volumes increased 1% in 2014 and 1% in 2013. The 2014 increase was primarily due to an increase in industrial sales at IPL and WPL due to production expansion at several customers and higher IPL co-generation customer requirements, and modest customer growth in WPL's service territory in 2014. These increases were partially offset by the impact weather conditions had on electric sales in 2014. The unseasonably cold weather conditions in IPL's and WPL's service territories in the first quarter of 2014 increased sales and the cooler than normal summer temperatures during the third quarter of 2014 decreased sales. In comparison, temperatures during the third quarter of 2013 were warmer than normal resulting in increased sales. These changes in weather conditions caused an overall decrease in residential and commercial sales in 2014 compared to 2013. The 2013 increase was due to increases in weather-normalized retail sales volumes primarily at WPL related to economic recovery and modest

customer growth experienced in WPL's service territory. These increases were partially offset by the unseasonably warm weather conditions during the third quarter of 2012 and a decrease in industrial sales volumes at IPL in 2013 due to lower co-generation customer requirements.

Wholesale sales volumes increased 1% in 2014 and 7% in 2013. The 2014 increase was primarily due to increases in sales to one of IPL's full-requirement wholesale customers due to production expansion partially offset by the impact of 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 2013 increase was primarily due to the impact of changes in sales to WPL's partial-requirement wholesale customers.

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Bulk power and other revenue changes were largely due to changes in sales in the wholesale energy markets operated by MISO and PJM. These changes are impacted by several factors including the availability and dispatch of Alliant Energy's EGUs 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.

Refer to "Rate Matters" for discussion of the IUB's approval of IPL's retail electric rate settlement agreement in September 2014, which includes a retail electric base rate freeze at IPL through the end of 2016. Refer to Note 2 for discussion of WPL's retail fuel-related rate increases effective January 1, 2014 and 2015, WPL retail rate cases including a retail electric base rate freeze at WPL through the end of 2016, IPL's electric tax benefit rider, and IPL's revenue requirement adjustment, which became effective in January 2013. Refer to "Other Future Considerations" for discussion of recent notifications provided to each of IPL and WPL to terminate certain of their wholesale power supply agreements.

Forecast - Alliant Energy, IPL and WPL are currently expecting a modest increase in weather-normalized retail electric sales in 2015 compared to 2014.

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 Dth sales for Alliant Energy were as follows:

	Revenues and Costs (dollars in millions)					Dths Sold (Dths in thousands)				
	2014	2013	(a)	2012	(b)	2014	2013	(a)	2012	(b)
Residential	$287.5	$262.5	10%	$224.3	17%	31,718	29,916	6%	23,071	30%
Commercial	172.8	150.3	15%	124.3	21%	23,301	21,892	6%	17,115	28%
Industrial	23.4	21.1	11%	16.7	26%	3,710	3,803	(2%)	3,068	24%
Retail subtotal	483.7	433.9	11%	365.3	19%	58,729	55,611	6%	43,254	29%
Transportation/other	33.8	30.9	9%	31.0	—%	64,717	60,261	7%	57,532	5%
Total revenues/sales	517.5	464.8	11%	396.3	17%	123,446	115,872	7%	100,786	15%
Cost of gas sold	327.8	276.7	18%	217.2	27%					
Margins (c)	$189.7	$188.1	1%	$179.1	5%					

(a) Reflects the % change from 2013 to 2014. (b) Reflects the % change from 2012 to 2013.

(c) Includes $12 million and $11 million of credits on IPL's Iowa retail gas customers' bills for 2014 and 2013, respectively, resulting from the gas tax benefit rider. The gas tax benefit rider resulted in reductions in gas revenues that were offset by reductions in income tax expense for 2014 and 2013.

Variances between periods in gas margins were as follows (in millions):

2014 vs. 2013 Summary:	Alliant Energy	IPL	WPL
Estimated increase from changes in sales caused by weather conditions	$4	$2	$2
Lower revenues at IPL related to changes in recovery amounts for energy efficiency costs through the energy efficiency rider (a)	(4)	(4)	—
Other	2	(1)	2
	$2	($3)	$4

2013 vs. 2012 Summary:	Alliant Energy	IPL	WPL
Estimated increase from changes in sales caused by weather conditions	$19	$9	$10

Higher revenues at IPL related to changes in recovery amounts for energy efficiency costs through the energy efficiency rider (a)	5	5	—
Lower revenues at IPL due to credits on Iowa retail gas customers' bills resulting from the gas tax benefit rider in 2013	(11)	(11)	—
Higher (lower) revenues due to the impact of changes in retail gas base rates effective January 2013	(9)	6	(15)
Other	5	3	2
	$9	$12	($3)

(a) Changes in energy efficiency revenues were mostly offset by changes in energy efficiency expense included in other operation and maintenance expenses.

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Natural Gas Cost Recoveries - Cost of gas sold increased $51 million in 2014 and $60 million in 2013. These increases were primarily due to higher retail gas volumes caused by weather discussed below. Refer to Note 1(g) for additional information relating to natural gas cost recoveries.

Weather Conditions - 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. Refer to “Utility Electric Margins” for HDD data details.

Estimated increases (decreases) to gas margins from the impacts of weather were as follows (in millions):

	2014	2013	2012
IPL	$5	$3	($6)
WPL	5	3	(7)
Total Alliant Energy	$10	$6	($13)

Refer to “Rate Matters” for discussion of IPL’s gas tax benefit rider and retail rate cases, including an interim retail gas base rate increase effective June 2012 and final retail gas base rate increase effective January 2013 for IPL’s Iowa customers and retail gas base rate decreases for WPL’s customers effective January 2013 and 2015.

Utility Other Revenues - Variances between periods in utility other revenues were as follows (in millions):

2014 vs. 2013 Summary:	Alliant Energy	IPL	WPL
Lower coal sales at WPL (a)	($7)	$—	($7)
Higher margins from IPL’s sharing mechanism related to optimizing gas capacity contracts (b)	4	4	—
Other	(2)	1	(3)
	($5)	$5	($10)

2013 vs. 2012 Summary:	Alliant Energy	IPL	WPL
Higher coal sales at WPL (a)	$7	$—	$7
Capacity revenues recognized by WPL in 2013 (c)	6	—	6
Other	2	1	1
	$15	$1	$14

(a) Changes in utility other revenues related to coal sales were largely offset by changes in utility other operation and maintenance expenses related to coal sales.

(b) Approximately 50% of all margins earned from IPL’s sharing mechanism relating to optimizing gas capacity contracts flow through the purchased gas adjustment clause to reduce retail gas customer bills in Iowa. The remaining margins are retained by IPL and recorded in utility other revenues. Due to the extreme cold temperatures causing natural gas price fluctuations in the first quarter of 2014, margins were higher than normal in 2014.

(c) WPL recognized capacity revenues in 2014 and 2013 related to a PPA with a third party for the sale of a portion of Riverside’s capacity assumed by WPL with the acquisition of Riverside in December 2012. The PPA expired in May 2014. These capacity revenues were mostly offset by contract amortization expense included in utility other operation and maintenance expenses.

Electric Transmission Service Expense - Variances between periods in electric transmission service expense were as follows (in millions):

	2014 vs. 2013	2013 vs. 2012

	Alliant Energy	IPL	WPL	Alliant Energy	IPL	WPL
Higher electric transmission service costs billed from ITC, ATC and MISO (a)	$38	$33	$5	$52	$41	$11
Changes in the under-/over-collection of electric transmission service expense through the transmission cost rider at IPL (b)	(11)	(11)	—	22	22	—
Other	2	—	2	3	3	—
	$29	$22	$7	$77	$66	$11

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(a) Primarily due to increased electric transmission service rates.

(b) IPL is currently recovering the Iowa retail portion of its increased electric transmission service costs from its retail electric customers in Iowa through a transmission cost rider approved by the IUB in January 2011 and extended as part of the rate settlement approved in September 2014. The difference between electric transmission services expense and amounts collected from customers as electric revenues results in temporary costs (credits) recorded in electric transmission service expense until the amounts are reflected in future customer billings.

Refer to Notes 1(g) and 2 for additional information relating to recovery of electric transmission service expenses.

Forecast - Refer to "Other Future Considerations" for discussion of a potential increase in future electric transmission service expense in 2015 compared to 2014.

Utility Other Operation and Maintenance Expenses - Variances between periods in utility other operation and maintenance expenses were as follows (in millions):

2014 vs. 2013 Summary:	Alliant Energy	IPL	WPL
Higher energy efficiency cost recovery amortizations at WPL (a)	$20	$—	$20
Regulatory-related credit at IPL from a MPUC decision regarding Whispering Willow - East recorded in 2013 (b)	7	7	—
Higher generation expense (c)	7	4	3
Higher customer service expense (d)	6	4	2
Lower employee benefits-related expense (e)	(8)	(5)	(3)
Lower expense related to coal sales at WPL (f)	(7)	—	(7)
Other (g)	13	9	4
	$38	$19	$19

2013 vs. 2012 Summary:	Alliant Energy	IPL	WPL
Higher generation expense (c)	$16	$3	$13
Higher performance-based compensation expense (h)	11	6	5
Higher distribution system expense (i)	10	6	4
Higher expense related to coal sales at WPL (f)	7	—	7
Higher bad debt expense at IPL (j)	6	6	—
Regulatory-related credits from WPL's 2013/2014 rate case decision recorded in 2012 (k)	5	—	5
Higher cost of capital charges from Corporate Services (l)	5	3	2
Contract amortization expense at WPL in 2013 (m)	5	—	5
Lower energy efficiency cost recovery amortizations at WPL (a)	(20)	—	(20)
Regulatory-related credit at IPL from a MPUC decision regarding Whispering Willow - East recorded in 2013 (b)	(7)	(7)	—
Other	(7)	(5)	(3)
	$31	$12	$18

(a) The July 2012 PSCW order for WPL's 2013/2014 test period electric and gas base rate case authorized changes in energy efficiency cost recovery amortizations for 2013 and 2014. Regulatory amortizations at WPL related to energy efficiency costs were $42 million, $22 million and $42 million in 2014, 2013 and 2012, respectively.

(b) Refer to Note 3 for details of a regulatory-related credit recorded by IPL in 2013 due to decisions by the MPUC regarding recovery of costs for IPL's Whispering Willow - East wind project.

(c)

Primarily due to the timing and extent of maintenance projects at IPL's and WPL's EGUs. The increase in 2013 was also due to additional operation and maintenance expenses related to Riverside, which was acquired in December 2012.

(d) Primarily due to increased customer billing and customer assistance-related expenses.

(e) Primarily due to a decrease in retirement plan costs, partially offset by an increase in other employee benefits-related costs and the reversal of a previously recorded reserve related to the Cash Balance Plan in 2013. Refer to Note 12(a) for details of the Cash Balance Plan reserve.

(f) Changes in expense related to coal sales at WPL were largely offset by changes in coal sales revenue at WPL.

(g) Primarily due to increases in other administrative and general and distribution system expenses.

(h) Performance-based compensation expense is largely based on the achievement of specific operational and financial performance measures compared to targets established within the performance-based compensation plans.

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(i) Primarily due to increased maintenance of the electric and gas distribution systems at IPL and WPL.
(j) Higher bad debt expense at IPL in 2013 was largely due to increases in past due accounts receivable during 2013.
(k) Refer to Notes 2 and 3 for details of regulatory-related charges and credits recognized in 2012.
(l) Corporate Services bills IPL and WPL cost of capital charges in accordance with a service agreement. The 2013 increase was primarily due to increased property additions at Corporate Services in 2013.
(m) Resulting from the amortization of capacity rights related to a PPA with a third party for the sale of a portion of Riverside's capacity WPL assumed with the acquisition of Riverside. The PPA expired in May 2014. These amortization expenses were largely offset by capacity revenues included in utility other revenues.

Forecast - Alliant Energy currently expects its other operation and maintenance expenses to decrease in 2015 compared to 2014 primarily due to decreases in energy efficiency cost recovery amortizations approved by the PSCW in a July 2014 order, partially offset by expected increases in retirement plan costs in 2015 compared to 2014, resulting from decreases in discount rates and a change to the life expectancy assumption.

Depreciation and Amortization Expenses -
2014 vs. 2013 Summary - Depreciation and amortization expenses increased $17 million in 2014 primarily due to increased property additions, including various emission controls projects at IPL and WPL placed in service in the second half of 2013 and in 2014.

2013 vs. 2012 Summary - Depreciation and amortization expenses increased $39 million in 2013 primarily due to depreciation expense at WPL related to Riverside, WPL's SCR project at Edgewater Unit 5, which was placed in service in the fourth quarter of 2012, new depreciation rates implemented by WPL effective January 2013, and depreciation expense at the Franklin County wind project, which was placed in service in the fourth quarter of 2012.

Forecast - Alliant Energy currently expects its depreciation and amortization expenses to increase in 2015 compared to 2014 due to property additions, including various emission controls projects at IPL and WPL placed in service in 2014 and expected to be placed in service in 2015.

Interest Expense -
2014 vs. 2013 Summary - Interest expense increased $8 million in 2014 primarily due to $9 million of higher interest expense recorded in 2014 compared to 2013 for IPL's $250 million 4.7% senior debentures issued in October 2013.

2013 vs. 2012 Summary - Interest expense increased $16 million in 2013 primarily due to $6 million of capitalized interest recognized in 2012 for the Franklin County wind project, $5 million of higher interest expense recorded in 2013 compared to 2012 for WPL's 2.25% debentures issued in November 2012 to fund a portion of the purchase price of Riverside and $3 million of interest expense recorded in 2013 for IPL's 4.7% senior debentures issued in October 2013.

Refer to Note 9 for additional details of debt.

Forecast - Alliant Energy currently expects its interest expense to increase in 2015 compared to 2014 due to financings in 2014 and 2015. Refer to Note 9 for additional details of financings in 2014 and "Liquidity and Capital Resources" for details of Alliant Energy's financings anticipated in 2015.

AFUDC -
2014 vs. 2013 Summary - AFUDC increased $4 million in 2014 primarily due to increased CWIP balances related to IPL's Marshalltown and changes in AFUDC recognized for IPL's and WPL's emission controls projects.

2013 vs. 2012 Summary - AFUDC increased $9 million in 2013 primarily due to changes in AFUDC recognized for IPL's and WPL's emission controls projects.

Refer to Note 3 for additional details of AFUDC recognized in 2014, 2013 and 2012.

Forecast - Alliant Energy currently expects AFUDC to increase in 2015 compared to 2014 primarily due to increased CWIP balances related to Marshalltown.

Income Taxes - Refer to Note 11 for details of effective income tax rates for continuing operations, including discussion of tax benefit riders, production tax credits, the effect of rate-making on property-related differences and a state apportionment change in 2012 related to the sale of RMT.

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Forecast - Alliant Energy currently expects to record lower tax benefits from the effect of rate-making on property-related differences in 2015 compared to 2014 and lower tax benefits from the impacts of the electric tax benefit rider due to lower billing credits on Iowa retail electric customers' bills expected in 2015 compared to 2014.

Loss from Discontinued Operations, Net of Tax - Refer to Note 19 for discussion of discontinued operations.

Preferred Dividend Requirements of Subsidiaries - Preferred dividend requirements of subsidiaries decreased $8 million in 2014 and increased $2 million in 2013 primarily due to IPL and WPL recording charges of $5 million and $1 million in 2013, respectively, related to the redemption of preferred stock. Refer to Note 8 for additional discussion of IPL's and WPL's preferred stock transactions.

IPL'S RESULTS OF OPERATIONS

Overview - Earnings available for common stock increased $11 million in 2014 and $36 million in 2013. The 2014 increase was the result of lower purchased electric capacity expense related to the previous DAEC PPA and higher income tax benefits. These items were partially offset by electric customer billing credits related to a rate case settlement approved in 2014, lower retail electric sales due to changes in weather conditions in IPL's service territory and higher interest, depreciation and other operation and maintenance expenses. The 2013 increase was primarily due to higher electric revenues from the revenue requirement adjustment related to certain tax benefits from tax accounting method changes, which became effective in January 2013, higher AFUDC in 2013 for IPL's emission controls projects, higher income tax benefits and higher gas revenues from increased sales and a rate increase implemented in January 2013. These items were partially offset by higher other operation and maintenance expenses.

Electric Margins - Electric margins and MWh sales for IPL were as follows:

	Revenues and Costs (dollars in millions)					MWhs Sold (MWhs in thousands)				
	2014	2013	(a)	2012	(b)	2014	2013	(a)	2012	(b)
Residential	$556.4	$574.3	(3%)	$529.9	8%	4,164	4,272	(3%)	4,141	3%
Commercial	410.2	409.6	—%	365.3	12%	4,099	4,118	—%	4,045	2%
Industrial	458.5	442.9	4%	408.0	9%	7,132	6,973	2%	7,116	(2%)
Retail subtotal	1,425.1	1,426.8	—%	1,303.2	9%	15,395	15,363	—%	15,302	—%
Sales for resale:										
Wholesale	32.2	30.0	7%	27.8	8%	485	419	16%	418	—%
Bulk power and other	2.1	2.0	5%	9.5	(79%)	59	98	(40%)	377	(74%)
Other	33.9	33.0	3%	30.6	8%	81	80	1%	81	(1%)
Total revenues/sales	1,493.3	1,491.8	—%	1,371.1	9%	16,020	15,960	—%	16,178	(1%)
Electric production fuel expense	231.5	193.9	19%	193.8	—%					
Energy purchases expense	240.8	188.2	28%	150.7	25%					
Purchased electric capacity expense	25.0	155.2	(84%)	153.7	1%					
Margins (c)	$996.0	$954.5	4%	$872.9	9%					

(a) Reflects the % change from 2013 to 2014. (b) Reflects the % change from 2012 to 2013.

(c) Includes $85 million, $79 million and $83 million of credits on Iowa retail electric customers' bills for 2014, 2013 and 2012, respectively, resulting from the electric tax benefit rider. The electric tax benefit rider resulted in reductions in electric revenues that were offset by reductions in income tax expense for 2014, 2013 and 2012.

Variances - Electric margins increased $42 million in 2014 and $82 million in 2013. Refer to "Alliant Energy's Results of Operations - Utility Electric Margins" for details of the variances in IPL's electric margins.

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Refer to "Alliant Energy's Results of Operations - Utility Electric Margins" for details of the definition of electric margins, IPL's CDD and HDD data, estimated impacts of weather, purchased electric capacity expense, recoveries of fuel-related expense, sales trends and items impacting IPL's electric margin forecast. Refer to "Rate Matters" for discussion of the IUB's approval of IPL's retail electric rate settlement agreement in September 2014, which includes a retail electric base rate freeze at IPL through the end of 2016. Refer to Note 2 for discussion of the electric tax benefit rider and revenue requirement adjustment. Refer to "Other Future Considerations" for discussion of a notification of termination of a wholesale power supply agreement provided to IPL by one of its wholesale customers.

Gas Margins - Gas margins and Dth sales for IPL were as follows:

	Revenues and Costs (dollars in millions)					Dths Sold (Dths in thousands)				
	2014	2013	(a)	2012	(b)	2014	2013	(a)	2012	(b)
Residential	$162.5	$152.8	6%	$126.4	21%	17,839	16,975	5%	12,955	31%
Commercial	96.1	85.7	12%	69.7	23%	12,641	12,051	5%	9,403	28%
Industrial	17.4	16.1	8%	12.8	26%	2,804	2,931	(4%)	2,435	20%
Retail subtotal	276.0	254.6	8%	208.9	22%	33,284	31,957	4%	24,793	29%
Transportation/other	20.5	19.3	6%	17.8	8%	31,377	32,019	(2%)	30,992	3%
Total revenues/sales	296.5	273.9	8%	226.7	21%	64,661	63,976	1%	55,785	15%
Cost of gas sold	185.5	160.3	16%	124.9	28%					
Margins (c)	$111.0	$113.6	(2%)	$101.8	12%					

(a) Reflects the % change from 2013 to 2014. (b) Reflects the % change from 2012 to 2013.

(c) Includes $12 million and $11 million of credits on Iowa retail gas customers' bills for 2014 and 2013, respectively, resulting from the gas tax benefit rider. The gas tax benefit rider resulted in reductions in gas revenues that were offset by reductions in income tax expense for 2014 and 2013.

Variances - Gas margins decreased $3 million in 2014 and increased $12 million in 2013. Refer to "Alliant Energy's Results of Operations - Utility Gas Margins" for details of the variances in IPL's gas margins.

Refer to "Alliant Energy's Results of Operations - Utility Gas Margins" for details of the definition of gas margins, estimated impacts of weather and discussion of the impacts on IPL's gas margins of recoveries of natural gas costs. Refer to "Rate Matters" for discussion of IPL's gas tax benefit rider and retail rate cases, including an interim retail gas base rate increase effective June 2012 and final retail gas base rate increase effective January 2013 for IPL's Iowa customers.

Steam and Other Revenues - Steam and other revenues increased $5 million in 2014. Refer to "Alliant Energy's Results of Operations - Utility Other Revenues" for IPL's steam and other revenues variances.

Electric Transmission Service Expense - Electric transmission service expense increased $22 million in 2014 and $66 million in 2013. Refer to "Alliant Energy's Results of Operations - Electric Transmission Service Expense" for IPL's electric transmission service expense variances.

Refer to Notes 1(g) and 2 for additional information relating to recovery of electric transmission service expense.

Forecast - Refer to "Other Future Considerations" for discussion of a potential increase in future electric transmission service expense for IPL in 2015 compared to 2014.

Other Operation and Maintenance Expenses - Other operation and maintenance expenses increased $19 million in 2014 and $12 million in 2013. Refer to "Alliant Energy's Results of Operations - Utility Other Operation and

Maintenance Expenses" for IPL's other operation and maintenance expenses variances.

Depreciation and Amortization Expenses -
2014 vs. 2013 Summary - Depreciation and amortization expenses increased $6 million in 2014 primarily due to increased property additions, including various emission controls projects placed in service in the second half of 2013 and in 2014.

Forecast - IPL currently expects its depreciation and amortization expenses to increase in 2015 compared to 2014 due to property additions, including various emission controls projects placed in service in 2014 and expected to be placed in service in 2015.

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Interest Expense - Interest expense increased $9 million in 2014 and $3 million in 2013 primarily due to $12 million and $3 million of interest expense recorded in 2014 and 2013, respectively, for IPL's $250 million 4.7% senior debentures issued in October 2013.

Forecast - IPL currently expects its interest expense to increase in 2015 compared to 2014 due to financings in 2014 and 2015. Refer to Note 9 for additional details of IPL's financings in 2014 and "Liquidity and Capital Resources" for details of IPL's financings anticipated in 2015.

AFUDC -
2014 vs. 2013 Summary - AFUDC increased $5 million in 2014 primarily due to increased CWIP balances related to Marshalltown and the emission controls projects at Ottumwa Unit 1.

2013 vs. 2012 Summary - AFUDC increased $13 million in 2013 primarily due to changes in AFUDC recognized for emission controls projects.

Refer to Note 3 for additional details of AFUDC recognized in 2014, 2013 and 2012.

Forecast - IPL currently expects AFUDC to increase in 2015 compared to 2014 primarily due to increased CWIP balances related to Marshalltown.

Income Taxes - Refer to Note 11 for details of IPL's effective income tax rates, including discussion of the impacts of tax benefit riders, production tax credits, the effect of rate-making on property-related differences and a state apportionment change in 2012 related to the sale of RMT.

Forecast - IPL currently expects to record lower tax benefits from the effect of rate-making on property-related differences in 2015 compared to 2014 and lower tax benefits from the impacts of the electric tax benefit rider due to lower billing credits on Iowa retail electric customers' bills expected in 2015 compared to 2014.

Preferred Dividend Requirements - Preferred dividend requirements decreased $6 million in 2014 and increased $4 million in 2013 primarily due to IPL recording charges of $5 million in 2013 related to the redemption of preferred stock. Refer to Note 8 for additional discussion of IPL's preferred stock transactions.

WPL'S RESULTS OF OPERATIONS

Overview - WPL's earnings available for common stock increased $4 million and $14 million in 2014 and 2013, respectively. The 2014 increase was the result of purchased electric capacity expense in 2013 as a result of the expiration of the Kewaunee PPA in December 2013. This item was partially offset by higher energy efficiency cost recovery amortizations, higher electric fuel-related costs and higher depreciation expense in 2014 compared to 2013. The 2013 increase was primarily due to purchased electric capacity expense related to the Riverside PPA that expired in December 2012, lower energy efficiency cost recovery amortizations and a lower effective tax rate. These items were partially offset by higher depreciation expense largely due to the purchase of Riverside in December 2012, lower gas revenues due to the impact of WPL's retail gas base rate decrease effective in January 2013, higher electric transmission service costs from ATC and MISO and higher other operation and maintenance expenses.

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Electric Margins - Electric margins and MWh sales for WPL were as follows:

	Revenues and Costs (dollars in millions)					MWhs Sold (MWhs in thousands)				
	2014	2013	(a)	2012	(b)	2014	2013	(a)	2012	(b)
Residential	$438.1	$434.8	1%	$446.0	(3%)	3,533	3,552	(1%)	3,538	—%
Commercial	247.8	239.8	3%	246.1	(3%)	2,350	2,314	2%	2,307	—%
Industrial	340.5	322.5	6%	333.8	(3%)	4,689	4,498	4%	4,439	1%
Retail subtotal	1,026.4	997.1	3%	1,025.9	(3%)	10,572	10,364	2%	10,284	1%
Sales for resale:										
Wholesale	174.4	165.4	5%	159.8	4%	3,101	3,145	(1%)	2,899	8%
Bulk power and other	0.8	15.7	(95%)	14.3	10%	276	665	(58%)	926	(28%)
Other	18.7	19.0	(2%)	18.2	4%	74	72	3%	70	3%
Total revenues/sales	1,220.3	1,197.2	2%	1,218.2	(2%)	14,023	14,246	(2%)	14,179	—%
Electric production fuel expense	212.4	237.1	(10%)	173.4	37%					
Energy purchases expense	167.4	105.8	58%	194.4	(46%)					
Purchased electric capacity expense	0.1	61.6	(100%)	117.8	(48%)					
Margins	$840.4	$792.7	6%	$732.6	8%					

(a) Reflects the % change from 2013 to 2014. (b) Reflects the % change from 2012 to 2013.

Variances - Electric margins increased $48 million in 2014 and $60 million in 2013. Refer to "Alliant Energy's Results of Operations - Utility Electric Margins" for details of the variances in WPL's electric margins.

Refer to "Alliant Energy's Results of Operations - Utility Electric Margins" for details of the definition of electric margins, WPL's CDD and HDD data, estimated impacts of weather, purchased electric capacity expense, recoveries of fuel-related expense, sales trends and items impacting WPL's electric margin forecast. Refer to "Rate Matters" for discussion of a retail electric base rate case order received in July 2014, which includes a retail electric base rate freeze through the end of 2016. Refer to Note 2 for discussion of retail fuel-related rate increases effective January 1, 2014 and 2015. Refer to "Other Future Considerations" for discussion of recent notifications provided to WPL to terminate two of its wholesale power supply agreements.

Gas Margins - Gas margins and Dth sales for WPL were as follows:

	Revenues and Costs (dollars in millions)					Dths Sold (Dths in thousands)				
	2014	2013	(a)	2012	(b)	2014	2013	(a)	2012	(b)
Residential	$125.0	$109.7	14%	$97.9	12%	13,879	12,941	7%	10,116	28%
Commercial	76.7	64.6	19%	54.6	18%	10,660	9,841	8%	7,712	28%
Industrial	6.0	5.0	20%	3.9	28%	906	872	4%	633	38%
Retail subtotal	207.7	179.3	16%	156.4	15%	25,445	23,654	8%	18,461	28%
Transportation/other	13.3	11.6	15%	13.2	(12%)	33,340	28,242	18%	26,540	6%
Total revenues/sales	221.0	190.9	16%	169.6	13%	58,785	51,896	13%	45,001	15%
Cost of gas sold	142.3	116.4	22%	92.3	26%					
Margins	$78.7	$74.5	6%	$77.3	(4%)					

(a) Reflects the % change from 2013 to 2014. (b) Reflects the % change from 2012 to 2013.

Variances - Gas margins increased $4 million in 2014 and decreased $3 million in 2013. Refer to "Alliant Energy's Results of Operations - Utility Gas Margins" for details of the variances in WPL's gas margins.

Refer to "Alliant Energy's Results of Operations - Utility Gas Margins" for details of the definition of gas margins, estimated impacts of weather and discussion of the impacts on WPL's gas margins of recoveries of natural gas costs. Refer to "Rate Matters" for discussion of retail rate cases, including retail gas base rate decreases effective January 2013 and 2015.

Other Revenues - Other revenues decreased $10 million in 2014 and increased $14 million in 2013. Refer to "Alliant Energy's Results of Operations - Utility Other Revenues" for WPL's other revenues variances.

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Electric Transmission Service Expense - Electric transmission service expense increased $7 million in 2014 and $11 million in 2013. Refer to "Alliant Energy's Results of Operations - Electric Transmission Service Expense" for WPL's electric transmission service expense variances.

Refer to Note 1(g) for additional information relating to recovery of electric transmission service expense.

Forecast - Refer to "Other Future Considerations" for discussion of a potential increase in future electric transmission service expense for WPL in 2015 compared to 2014.

Other Operation and Maintenance Expenses - Other operation and maintenance expenses increased $19 million in 2014 and $18 million in 2013. Refer to "Alliant Energy's Results of Operations - Utility Other Operation and Maintenance Expenses" for WPL's other operation and maintenance expenses variances.

Forecast - WPL currently expects its other operation and maintenance expenses to decrease in 2015 compared to 2014 primarily due to decreases in energy efficiency cost recovery amortizations approved by the PSCW in its July 2014 order, partially offset by expected increases in retirement plan costs in 2015 compared to 2014, resulting from decreases in discount rates and a change to the life expectancy assumption.

Depreciation and Amortization Expenses -
2014 vs. 2013 Summary - Depreciation and amortization expenses increased $9 million in 2014 primarily due to increased property additions, including various emission controls projects placed in service in 2014.

2013 vs. 2012 Summary - Depreciation and amortization expenses increased $31 million in 2013 primarily due to depreciation expense related to Riverside, the SCR project at Edgewater Unit 5, which was placed in service in the fourth quarter of 2012, and new depreciation rates implemented by WPL effective in January 2013.

Interest Expense -
2013 vs. 2012 Summary - Interest expense increased $5 million in 2013 primarily due to $5 million of higher interest expense recorded in 2013 compared to 2012 for WPL's 2.25% debentures issued in November 2012 to fund a portion of the purchase price of Riverside.

Forecast - WPL currently expects its interest expense to increase in 2015 compared to 2014 due to financings in 2014. Refer to Note 9 for additional details of WPL's financings in 2014.

AFUDC -
2013 vs. 2012 Summary - AFUDC decreased $4 million in 2013 primarily due to changes in AFUDC recognized for emission controls projects. Refer to Note 3 for details of AFUDC recognized in 2014, 2013 and 2012.

Income Taxes - Refer to Note 11 for details of WPL's effective income tax rates, including discussion of the impacts of production tax credits and state apportionment changes in 2012 due to the sale of RMT.

LIQUIDITY AND CAPITAL RESOURCES

Overview - Alliant Energy, IPL and WPL expect to maintain adequate liquidity to operate their businesses and implement their strategic plan as a result of available capacity under their revolving credit facilities and IPL's sales of accounts receivable program, and operating cash flows generated by their utility business, supplemented by periodic issuances of long-term debt and equity securities.

Liquidity Position - At December 31, 2014, Alliant Energy had $57 million of cash and cash equivalents, $859 million ($159 million at the parent company, $300 million at IPL and $400 million at WPL) of available capacity under their revolving credit facilities and $128 million of available capacity at IPL under its sales of accounts receivable program. Refer to “Short-term Debt” below and Note 9(a) for further discussion of the credit facilities. Refer to Note 5(b) for additional information on IPL’s sales of accounts receivable program.

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Capital Structure - Alliant Energy, IPL and WPL plan to maintain debt-to-total capitalization ratios that are consistent with their investment-grade credit ratings. Alliant Energy, IPL and WPL currently expect to maintain capital structures in which debt would not exceed 45% to 55% of total capital and preferred stock would not exceed 5% to 10% of total capital. These targets may be adjusted depending on subsequent developments and the impact on their respective WACC and investment-grade credit ratings. Capital structures at December 31, 2014 were as follows (dollars in millions):

	Alliant Energy (Consolidated)		IPL		WPL	
Common equity	$3,438.7	45 %	$1,814.1	48 %	$1,703.8	52 %
Preferred stock	200.0	3 %	200.0	5 %	—	— %
Noncontrolling interest	1.8	— %	—	— %	8.5	— %
Long-term debt (incl. current maturities)	3,789.7	50 %	1,768.7	47 %	1,573.9	48 %
Short-term debt	141.3	2 %	—	— %	—	— %
	$7,571.5	100 %	$3,782.8	100 %	$3,286.2	100 %

Alliant Energy, IPL and WPL intend to manage their capital structures and liquidity positions in such a way that facilitates their ability to raise the necessary funds reliably and on reasonable terms and conditions, while maintaining financial capital structures consistent with those approved by regulators and necessary to maintain appropriate credit quality. In addition to capital structures, other important financial considerations used to determine the characteristics of future financings include anticipated proceeds from asset sales, financial coverage ratios, capital spending plans, regulatory orders and rate-making considerations, levels of debt imputed by rating agencies, market conditions and the impact of tax initiatives and legislation. The most significant debt imputations relate to the sales of accounts receivable program, the DAEC PPA, and pension and OPEB obligations. The PSCW factors certain imputed debt adjustments in establishing a regulatory capital structure as part of WPL's retail rate cases. The IUB and MPUC do not make any explicit adjustments for imputed debt in establishing capital ratios used in determining customer rates, although such adjustments are considered by IPL in recommending an appropriate capital structure.

Credit and Capital Markets - Alliant Energy, IPL and WPL are aware of the potential implications that credit and capital market disruptions might have on the ability to raise external funding required for their respective operations and capital expenditure plans. Alliant Energy, IPL and WPL maintain revolving credit facilities to provide backstop liquidity to their commercial paper programs, ensure a committed source of liquidity in the event the commercial paper market becomes disrupted and efficiently manage their long-term financings. In addition, Alliant Energy and IPL maintain a sales of accounts receivable program at IPL as an alternative financing source.

Primary Sources and Uses of Cash - The most significant source of cash is from electric and gas sales to IPL's and WPL's customers. Cash from these sales reimburses IPL and WPL for prudently-incurred expenses to provide service to their utility customers and provides IPL and WPL a return of and a return on the assets used to provide such services. Utility operating cash flows are expected to cover the majority of IPL's and WPL's capital expenditures required to maintain their current infrastructure and to pay dividends to Alliant Energy's shareowners. Capital needed to retire debt and fund capital expenditures related to large strategic projects is expected to be met primarily through external financings.

Cash Flows - Selected information from the cash flows statements was as follows (in millions):

	Alliant Energy			IPL			WPL		
	2014	2013	2012	2014	2013	2012	2014	2013	2012
Cash and cash equivalents, January 1	$9.8	$21.2	$11.4	$4.4	$4.5	$2.1	$0.5	$0.7	$2.7
Cash flows from (used for):									
Operating activities	891.6	731.0	841.1	406.1	232.6	291.0	424.4	423.3	427.4

Investing activities	(917.7)	(754.7)	(1,155.5)	(552.7)	(423.3)	(331.2)	(320.1)	(335.9)	(710.2)
Financing activities	73.2	12.3	324.2	147.5	190.6	42.6	(58.1)	(87.6)	280.8
Net increase (decrease)	47.1	(11.4)	9.8	0.9	(0.1)	2.4	46.2	(0.2)	(2.0)
Cash and cash equivalents, December 31	$56.9	$9.8	$21.2	$5.3	$4.4	$4.5	$46.7	$0.5	$0.7

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Operating Activities -
2014 vs. 2013 - Alliant Energy's cash flows from operating activities increased $161 million primarily due to $190 million of lower purchased electric capacity payments in 2014 compared to 2013 related to the previous DAEC PPA and the Kewaunee PPA, $94 million of higher cash flows from changes in the level of IPL's accounts receivable sold during 2014 and 2013, and the final receipt of $26 million related to Alliant Energy's tax separation and indemnification agreement with Whiting Petroleum in 2014. These items were partially offset by $72 million of retail electric customer base rate freeze billing credits at IPL in 2014, higher fuel-related costs at WPL in 2014 compared to 2013, and lower cash flows from increases in inventory levels of gas stored underground at IPL and WPL during 2014. Refer to Notes 5(b) and 5(c) for discussion of IPL's sale of accounts receivable program and the tax separation and indemnification agreement with Whiting Petroleum, respectively. Refer to "Rate Matters" for further discussion of IPL's retail electric customer base rate freeze billing credits. Refer to Note 2 for discussion of WPL's under-collection of fuel-related costs during 2014.

IPL's cash flows from operating activities increased $174 million primarily due to $129 million of lower purchased electric capacity payments in 2014 compared to 2013 related to the previous DAEC PPA and $94 million of higher cash flows from changes in the level of accounts receivable sold during 2014 and 2013. These items were partially offset by $72 million of retail electric customer base rate freeze billing credits in 2014.

WPL's cash flows from operating activities increased $1 million primarily due to $61 million of purchased electric capacity payments in 2013 related to the Kewaunee PPA. This item was substantially offset by lower cash flows from higher fuel-related costs in 2014 compared to 2013 and lower cash flows from increases in inventory levels of gas stored underground.

2013 vs. 2012 - Alliant Energy's cash flows from operating activities decreased $110 million primarily due to $91 million of lower cash flows from changes in the level of IPL's accounts receivable sold during 2013 and 2012, $63 million of cash flows from operations at RMT in 2012 due to changes in working capital requirements associated with renewable energy projects, lower cash flows from changes in prepaid gas and inventory levels of gas stored underground at IPL and WPL, and refunds paid by WPL to its retail electric customers during 2013 for over-collected fuel-related costs during 2012. These items were partially offset by $59 million of purchased electric capacity payments by WPL in 2012 related to the Riverside PPA, and the timing of electric fuel-related, natural gas and transmission cost recoveries at IPL.

IPL's cash flows from operating activities decreased $58 million primarily due to $91 million of lower cash flows from changes in the level of accounts receivable sold in 2013 compared to 2012 and lower cash flows from changes in prepaid gas and inventory levels of gas stored underground. These items were partially offset by the timing of electric fuel-related, natural gas and transmission cost recoveries.

WPL's cash flows from operating activities decreased $4 million primarily due to $26 million of lower cash flows caused by income tax payments in 2013 and income tax refunds in 2012, refunds paid by WPL to its retail electric customers during 2013 for over-collected fuel-related costs during 2012, and lower cash flows from changes in prepaid gas and inventory levels of gas stored underground. These items were largely offset by $59 million of purchased electric capacity payments in 2012 related to the Riverside PPA.

Electric Fuel-related, Natural Gas and Transmission Cost Recoveries - IPL has cost recovery mechanisms applicable for its retail electric and gas customers to provide for subsequent adjustments to its electric and gas rates for changes in electric fuel-related and natural gas costs. IPL also has a cost recovery mechanism applicable for its Iowa retail electric customers to provide for subsequent adjustments to its electric rates for changes in electric transmission service expense. Changes in the timing of IPL's electric fuel-related, natural gas and transmission cost recoveries

resulted in $47 million of higher cash flows from operations for Alliant Energy and IPL in 2013 compared to 2012.

Income Tax Payments and Refunds - Income tax (payments) refunds were as follows (in millions):

	2014	2013	2012
IPL	$20	$—	($3)
WPL	(12)	(23)	3
Other subsidiaries	(3)	33	20
Alliant Energy	$5	$10	$20

Alliant Energy’s income tax refunds in 2014, 2013 and 2012 were primarily due to federal and state claims filed related to net operating losses carried back to prior years. Alliant Energy, IPL and WPL currently do not expect to make any significant federal income tax payments through 2017 based on their current federal net operating loss and credit carryforward positions

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and future amounts of bonus depreciation expected to be claimed on Alliant Energy's U.S. federal income tax returns for calendar years 2014 and 2015. While no significant federal income tax payments through 2017 are expected to occur, some tax payments and refunds may occur between consolidated group members (including IPL and WPL) under the tax sharing agreement between Alliant Energy and its subsidiaries. Refer to Note 11 for discussion of the carryforward positions.

Pension Plan Contributions - Alliant Energy, IPL and WPL currently do not expect to make any significant pension plan contributions in 2015 through 2018 based on the funded status and assumed return on assets for each plan as of the December 31, 2014 measurement date. Refer to Note 12(a) for discussion of the current funded levels of pension plans.

Investing Activities -
2014 vs. 2013 - Alliant Energy's cash flows used for investing activities increased $163 million primarily due to $107 million of higher utility construction expenditures and a $62 million cash grant Alliant Energy received in 2013 related to the Franklin County wind project. The higher utility construction expenditures were largely due to higher expenditures for Marshalltown, IPL's and WPL's electric and gas distribution systems and emission controls projects at WPL's Edgewater Unit 5 in 2014, partially offset by lower expenditures for emission controls projects at WPL's Columbia Units 1 and 2 in 2014. Refer to Note 5(d) for further discussion of the Franklin County wind project cash grant.

IPL's cash flows used for investing activities increased $129 million due to $126 million of higher construction expenditures. The higher construction expenditures were largely due to higher expenditures for Marshalltown and the electric and gas distribution systems in 2014.

WPL's cash flows used for investing activities decreased $16 million primarily due to $19 million of lower construction expenditures. The lower construction expenditures were largely due to lower expenditures for emission controls projects at Columbia Units 1 and 2 in 2014, partially offset by higher expenditures for emission controls projects at Edgewater Unit 5 and the electric and gas distribution systems in 2014.

2013 vs. 2012 - Alliant Energy's cash flows used for investing activities decreased $401 million primarily due to $294 million of lower utility construction and acquisition expenditures, a $62 million cash grant Alliant Energy received during 2013 related to the Franklin County wind project, and expenditures in 2012 for the Franklin County wind project and Corporate Services' purchase of its corporate headquarters building. The lower utility construction and acquisition expenditures were largely due to expenditures for WPL's purchase of Riverside in 2012 and for emission controls projects at WPL's Edgewater Unit 5 in 2012, partially offset by higher expenditures in 2013 for the emission controls projects at WPL's Columbia Units 1 and 2, and IPL's George Neal Units 3 and 4 and Lansing Unit 4.

IPL's cash flows used for investing activities increased $92 million due to $93 million of higher construction expenditures. The higher construction expenditures were largely due to higher expenditures in 2013 for emission controls projects at George Neal Units 3 and 4 and Lansing Unit 4.

WPL's cash flows used for investing activities decreased $374 million primarily due to $387 million of lower construction and acquisition expenditures. The lower construction and acquisition expenditures resulted from expenditures in 2012 for the purchase of Riverside and emission controls projects at Edgewater Unit 5. These items were partially offset by higher expenditures in 2013 for emission controls projects at Columbia Units 1 and 2.

Construction and Acquisition Expenditures - Capital expenditures and financing plans are reviewed, approved and updated as part of the financial planning processes. Changes in anticipated construction and acquisition expenditures

may result from a number of reasons including economic conditions, regulatory requirements, changing legislation, ability to obtain adequate and timely rate relief, improvements in technology, failure of generating facilities, changing market conditions, customer and sales growth, funding of pension and OPEB plans, and new opportunities. Alliant Energy, IPL and WPL have not yet entered into contractual commitments relating to the majority of their anticipated future capital expenditures. As a result, they have some discretion with regard to the level and timing of capital expenditures. Construction and acquisition expenditures are currently anticipated as follows (in millions):

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	Alliant Energy				IPL				WPL			
	2015	2016	2017	2018	2015	2016	2017	2018	2015	2016	2017	2018
Utility (a):												
Generation:												
Marshalltown	$295	$180	$15	$—	$295	$180	$15	$—	$—	$—	$—	$—
WPL’s proposed Riverside expansion	10	195	315	215	—	—	—	—	10	195	315	215