

INTERSTATE POWER & LIGHT CO
Form 10-Q
November 03, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2011

or

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

For the transition period from to

Commission Name of Registrant, State of Incorporation,

File Number Address of Principal Executive Offices and Telephone Number
1-9894 ALLIANT ENERGY CORPORATION
(a Wisconsin corporation)
4902 N. Biltmore Lane

IRS Employer
Identification Number
39-1380265

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Madison, Wisconsin 53718
Telephone (608)458-3311

0-4117-1 INTERSTATE POWER AND LIGHT COMPANY 42-0331370
(an Iowa corporation)
Alliant Energy Tower
Cedar Rapids, Iowa 52401
Telephone (319)786-4411

0-337 WISCONSIN POWER AND LIGHT COMPANY 39-0714890
(a Wisconsin corporation)
4902 N. Biltmore Lane
Madison, Wisconsin 53718
Telephone (608)458-3311

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

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

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

	Large Accelerated Filer	Accelerated Filer	Non-accelerated Filer	Smaller Reporting Company Filer
Alliant Energy Corporation	x			
Interstate Power and Light Company			x	
Wisconsin Power and Light Company			x	

Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Number of shares outstanding of each class of common stock as of September 30, 2011:

Alliant Energy Corporation	Common stock, \$0.01 par value, 110,981,511 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)

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FORWARD-LOOKING STATEMENTS

Statements contained in this report that are not of historical fact are forward-looking statements intended to qualify for the safe harbors from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified as such because the statements include words such as expect, anticipate, plan or other words of similar import. Similarly, statements that describe future financial performance or plans or strategies are forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those expressed in, or implied by, such statements. Some, but not all, of the risks and uncertainties of Alliant Energy Corporation (Alliant Energy), Interstate Power and Light Company (IPL) and Wisconsin Power and Light Company (WPL) that could materially affect actual results include:

federal and state regulatory or governmental actions, including the impact of energy, tax, financial and health care legislation, and of regulatory agency orders;

IPL's and WPL's ability to obtain adequate and timely rate relief to allow for, among other things, the recovery of operating costs, fuel costs, transmission costs, deferred expenditures, capital expenditures, and remaining costs related to generating units that may be permanently closed, the earning of reasonable rates of return, and the payments to their parent of expected levels of dividends;

the ability to continue cost controls and operational efficiencies;

the impact of IPL's retail electric base rate freeze in Iowa through 2013;

the state of the economy in IPL's and WPL's service territories and resulting implications on sales, margins and ability to collect unpaid bills;

developments that adversely impact their ability to implement Alliant Energy's, IPL's and WPL's strategic plans, including unanticipated issues with Alliant Energy Resources, LLC's (Resources') construction of and selling price of the electricity output from its new 100 megawatt (MW) wind generating project, new emission control equipment for various coal-fired generating facilities of IPL and WPL, WPL's potential purchase of the Riverside Energy Center (Riverside) or a similar facility, IPL's potential construction of a new natural gas-fired electric generating facility in Iowa, and the potential decommissioning of certain generating facilities of IPL and WPL;

weather effects on results of utility operations;

successful resolution of the pending challenge by interveners of the approval by the Public Service Commission of Wisconsin (PSCW) of WPL's Bent Tree - Phase I wind project;

issues related to the availability of generating facilities and the supply and delivery of fuel and purchased electricity and price thereof, including the ability to recover and to retain the recovery of purchased power, fuel and fuel-related costs through rates in a timely manner;

the impact that fuel and fuel-related prices may have on IPL's and WPL's customers' demand for utility services;

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the ability to defend against environmental claims brought by state and federal agencies, such as the United States of America (U.S.) Environmental Protection Agency (EPA), or third parties, such as the Sierra Club;

issues associated with environmental remediation efforts and with environmental compliance generally, including changing environmental laws and regulations;

the ability to recover through rates all environmental compliance and remediation costs, including costs for projects put on hold due to uncertainty of future environmental laws and regulations;

impacts of future tax benefits from deductions for repairs expenditures and mixed service costs and temporary differences from historical tax benefits from such deductions that are reversing into income tax expense in future periods;

sales and project execution for RMT, Inc. (RMT), the ability of RMT to maintain project margins, the successful resolution of claims against RMT, the level of growth in the wind and solar development market, and the impact of the American Recovery and Reinvestment Act of 2009, the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010, and future legislation on the wind and solar markets;

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

inflation and interest rates;

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financial impacts of risk hedging strategies, including the impact of weather hedges or the absence of weather hedges on earnings;

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

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

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

Alliant Energy's ability to successfully pursue appropriate appeals with respect to, and any liabilities arising out of, the alleged violation of the Employee Retirement Income Security Act of 1974 (ERISA) by Alliant Energy's Cash Balance Pension Plan;

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

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

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

impacts that storms or natural disasters in IPL's and WPL's service territories may have on their operations and recovery of, and rate relief for, costs associated with restoration activities;

access to technological developments;

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

material changes in retirement and benefit plan costs;

the impact of incentive compensation plans accruals;

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

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

the ability to successfully complete tax audits and appeals with no material impact on earnings and cash flows;

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

factors listed in Management's Discussion and Analysis of Financial Condition and Results of Operations and in Item 1A Risk Factors in the combined Annual Report on Form 10-K filed by Alliant Energy, IPL and WPL for the year ended Dec. 31, 2010 (2010 Form 10-K). Alliant Energy, IPL and WPL assume no obligation, and disclaim any duty, to update the forward-looking statements in this report.

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	2010	2011	2010
	(dollars in millions, except per share amounts)			
Operating revenues:				
Utility:				
Electric	\$ 796.9	\$ 842.0	\$ 2,037.7	\$ 2,074.2
Gas	46.4	46.5	342.5	330.9
Other	15.8	15.9	45.8	48.9
Non-regulated	162.5	47.3	360.1	129.5
Total operating revenues	1,021.6	951.7	2,786.1	2,583.5
Operating expenses:				
Utility:				
Electric production fuel and energy purchases	215.3	238.8	590.0	642.4
Purchased electric capacity	80.2	86.0	205.2	221.8
Electric transmission service	88.9	77.1	242.6	210.5
Cost of gas sold	19.8	19.8	211.0	204.9
Other operation and maintenance	147.1	143.4	476.6	446.1
Non-regulated operation and maintenance	178.5	40.4	356.4	111.7
Depreciation and amortization	81.3	75.4	242.3	214.9
Taxes other than income taxes	25.4	24.2	77.1	74.9
Total operating expenses	836.5	705.1	2,401.2	2,127.2
Operating income	185.1	246.6	384.9	456.3
Interest expense and other:				
Interest expense	38.7	41.9	119.7	122.2
Equity income from unconsolidated investments, net	(10.1)	(9.3)	(29.6)	(28.7)
Allowance for funds used during construction	(2.8)	(5.0)	(8.6)	(14.4)
Interest income and other	(0.7)	(0.6)	(2.3)	(0.9)
Total interest expense and other	25.1	27.0	79.2	78.2
Income from continuing operations before income taxes	160.0	219.6	305.7	378.1
Income taxes	34.1	64.1	46.1	121.8
Income from continuing operations, net of tax	125.9	155.5	259.6	256.3
Income (loss) from discontinued operations, net of tax		(1.8)	1.3	(2.0)

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Net income	125.9	153.7	260.9	254.3
Preferred dividend requirements of subsidiaries	3.9	4.6	14.3	14.0
Net income attributable to Alliant Energy common shareowners	\$ 122.0	\$ 149.1	\$ 246.6	\$ 240.3
Weighted average number of common shares outstanding (basic) (000s)	110,647	110,469	110,613	110,415
Earnings per weighted average common share attributable to Alliant Energy common shareowners (basic):				
Income from continuing operations, net of tax	\$ 1.10	\$ 1.37	\$ 2.22	\$ 2.19
Income (loss) from discontinued operations, net of tax		(0.02)	0.01	(0.02)
Net income	\$ 1.10	\$ 1.35	\$ 2.23	\$ 2.17
Weighted average number of common shares outstanding (diluted) (000s)	110,695	110,544	110,668	110,495
Earnings per weighted average common share attributable to Alliant Energy common shareowners (diluted):				
Income from continuing operations, net of tax	\$ 1.10	\$ 1.37	\$ 2.22	\$ 2.19
Income (loss) from discontinued operations, net of tax		(0.02)	0.01	(0.02)
Net income	\$ 1.10	\$ 1.35	\$ 2.23	\$ 2.17
Amounts attributable to Alliant Energy common shareowners:				
Income from continuing operations, net of tax	\$ 122.0	\$ 150.9	\$ 245.3	\$ 242.3
Income (loss) from discontinued operations, net of tax		(1.8)	1.3	(2.0)
Net income attributable to Alliant Energy common shareowners	\$ 122.0	\$ 149.1	\$ 246.6	\$ 240.3
Dividends declared per common share	\$ 0.425	\$ 0.395	\$ 1.275	\$ 1.185

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

Table of Contents**ALLIANT ENERGY CORPORATION****CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)**

	September 30, 2011	December 31, 2010
	(in millions)	
ASSETS		
Property, plant and equipment:		
Utility:		
Electric plant in service	\$ 8,103.9	\$ 7,676.8
Gas plant in service	843.0	830.1
Other plant in service	508.4	499.2
Accumulated depreciation	(3,176.5)	(2,982.2)
Net plant	6,278.8	6,023.9
Construction work in progress:		
Edgewater Generating Station Unit 5 emission controls (Wisconsin Power and Light Company)	61.5	17.2
Bent Tree Phase I wind project (Wisconsin Power and Light Company)		154.5
Other	157.3	138.3
Other, less accumulated depreciation	34.9	126.0
Total utility	6,532.5	6,459.9
Non-regulated and other:		
Non-regulated Generation, less accumulated depreciation	252.7	119.0
Alliant Energy Corporate Services, Inc. and other, less accumulated depreciation	152.7	151.7
Total non-regulated and other	405.4	270.7
Total property, plant and equipment	6,937.9	6,730.6
Current assets:		
Cash and cash equivalents	45.7	159.3
Accounts receivable:		
Customer, less allowance for doubtful accounts	198.5	120.5
Unbilled utility revenues	56.7	82.3
Other, less allowance for doubtful accounts	146.9	213.1
Income tax refunds receivable	47.4	39.3
Production fuel, at weighted average cost	96.8	122.8
Materials and supplies, at weighted average cost	61.1	61.6
Gas stored underground, at weighted average cost	47.2	48.6
Regulatory assets	92.0	109.0
Derivative assets	22.7	19.1
Prepayments and other	132.1	117.1
Total current assets	947.1	1,092.7
Investments:		
Investment in American Transmission Company LLC	237.1	227.9
Other	62.1	61.3
Total investments	299.2	289.2

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Other assets:

Regulatory assets	1,203.7	1,032.7
Deferred charges and other	93.4	137.7
Total other assets	1,297.1	1,170.4
Total assets	\$ 9,481.3	\$ 9,282.9

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

Table of Contents**ALLIANT ENERGY CORPORATION****CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED) (Continued)**

	September 30, 2011	December 31, 2010
	(in millions, except per share and share amounts)	
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Alliant Energy Corporation common equity:		
Common stock \$0.01 par value 240,000,000 shares authorized; 110,981,511 and 110,893,901 shares outstanding	\$ 1.1	\$ 1.1
Additional paid-in capital	1,509.1	1,506.8
Retained earnings	1,500.2	1,394.7
Accumulated other comprehensive loss	(0.6)	(1.4)
Shares in deferred compensation trust 259,247 and 246,301 shares at a weighted average cost of \$31.47 and \$30.75 per share	(8.2)	(7.6)
Total Alliant Energy Corporation common equity	3,001.6	2,893.6
Cumulative preferred stock of Interstate Power and Light Company	145.1	183.8
Noncontrolling interest	1.8	2.0
Total equity	3,148.5	3,079.4
Cumulative preferred stock of Wisconsin Power and Light Company	60.0	60.0
Long-term debt, net (excluding current portion)	2,703.6	2,703.4
Total capitalization	5,912.1	5,842.8
Current liabilities:		
Current maturities of long-term debt	1.4	1.3
Commercial paper	22.1	47.4
Accounts payable	314.6	336.3
Regulatory liabilities	157.9	173.7
Accrued taxes	37.8	45.3
Accrued interest	46.6	46.7
Derivative liabilities	41.3	55.3
Other	152.7	160.7
Total current liabilities	774.4	866.7
Other long-term liabilities and deferred credits:		
Deferred income taxes	1,561.2	1,434.3
Regulatory liabilities	746.1	626.4
Pension and other benefit obligations	235.9	303.8
Other	251.6	208.9
Total long-term liabilities and deferred credits	2,794.8	2,573.4
Total capitalization and liabilities	\$ 9,481.3	\$ 9,282.9

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

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ALLIANT ENERGY CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	For the Nine Months Ended September 30,	
	2011	2010
	(in millions)	
Cash flows from operating activities:		
Net income	\$	260.9