

**ALLIANT ENERGY**  
**Q1 2013 EARNINGS CONFERENCE CALL**  
**MAY 3, 2013**  
**FINAL**

**CONFERENCE CALL OPERATOR:**

Thank you for holding, ladies and gentlemen, and welcome to Alliant Energy's first quarter 2013 earnings conference call. At this time, all lines are in a listen-only mode. Today's conference is being recorded. I would now like to turn the call over to your host, Susan Gille, Manager of Investor Relations at Alliant Energy.

**SUSAN GILLE:**

Good morning. I would like to thank all of you on the call and on the web cast for joining us today. We appreciate your participation.

With me here today are Pat Kampling, Chairman, President and Chief Executive Officer, Tom Hanson, Senior Vice President and CFO, and Robert Durian, Controller and Chief Accounting Officer as well as other members of the senior management team. Following prepared remarks by Pat and Tom, we will have time to take questions from the investment community.

We issued a news release this morning announcing Alliant Energy's first quarter 2013 earnings and reaffirmed 2013 earnings guidance. This release, as well as supplemental slides that will be referenced during today's call, are available on the investor page of our website at [www.alliantenergy.com](http://www.alliantenergy.com).

Before we begin, I need to remind you the remarks we make on this call and our answers to your questions include forward-looking statements. These forward-looking statements are subject to risks that could cause actual results to be materially different. Those risks include, among others, matters discussed in Alliant Energy's press release issued this morning and in our filings with the Securities and Exchange Commission. We disclaim any obligation to update these forward-looking statements.

In addition, this presentation contains non-GAAP financial measures. The reconciliations between the non-GAAP and GAAP measures are provided in the supplemental slides which are available on our website at [www.alliantenergy.com](http://www.alliantenergy.com).

At this point, I'll turn the call over to Pat.

**PAT KAMPLING:**

Good morning and thank you for joining us today.

We had a solid first quarter. Our non-GAAP earnings per share from continuing operations increased \$0.22 per share over the first quarter of 2012. \$0.14 per share is due to a return to near-normal temperatures in the first quarter of 2013 after experiencing a record warm winter a year ago. Tom will go over further details regarding our

year-over-year earnings drivers a bit later in the call.

We have experienced very interesting weather so far this year; and yesterday was no exception. Some areas of our service territory received over a foot of snow, while other areas experienced nice summer weather only a few days ago. This spring, we went from dredging the river near one of our generating stations to ensure an adequate water supply to preparing to implement flood plans at our river stations.

To date we've managed the wet spring very well and are using insights from the 2008 floods to guide our actions. We are pleased to report that the ice, snow, and the spring flooding, have had little impact on our facilities or on our financial results. Even more impressive is the fact that our employees worked through these challenging conditions while improving our safety record when compared to the first quarter of 2012. Hats off to our crews!

Another first quarter positive was our wind generation. Our first quarter utility owned wind capacity factors increased from approximately 32% in 2012 to approximately 40% in 2013.

Now, I'd like to take a few moments to discuss a number of positive outcomes from our regulatory efforts. Last week, WPL announced a settlement with the EPA and the Sierra Club. The terms are consistent with WPL's energy resource plan announced in 2012, and many of the commitments in the settlement are already underway.

For our Edgewater Unit 5, the settlement requires the addition of a SCR which was completed late last year,

and adding a bag house and scrubber to the unit, which was just approved by the PSCW yesterday. The estimated cost approved by the PSCW is approximately \$410 million excluding AFUDC and construction is expected to begin in 2014 and be completed in 2016.

For our Columbia units, the settlement requires the installation of a scrubber and bag house at both units, which construction is currently underway and is expected to be completed in 2014. The settlement also requires the installation of an SCR at Columbia unit 2, which requires PSCW approval. We plan to file a Certificate of Authority in the second quarter of 2014, and estimate that our share of the construction expenditures to be between \$100 million to \$125 million. A great majority of the spend for this project will occur in 2017 and 2018 and we expect to place the SCR in-service in 2018.

All capital expenditures associated with this settlement for the 2013 thru 2016 period have been in the capital expenditure guidance we have previously provided and is shown in slide 2.

Construction is also progressing well on the installation of bag houses and scrubbers at Ottumwa and MidAmerican's Neal 3 and 4 units in Iowa. The Neal 4 project will be in-service later this year and the Ottumwa and Neal 3 projects are expected to be in service in 2014.

A summary of the expected construction expenditures for our tier 1 units over the next 4 years, the total project costs, and the in-service dates for the controls is provided on slide 3. We have now

included the \$20 million in 2016 for the Columbia Unit 2 SCR on slide 3; we have also added the mid-point of the estimated total project cost and in-service date for the SCR to this slide. However, we previously had this \$20 million in our 2016 overall environmental capital expenditure guidance shown on slide 2 so the 2016 totals have not changed.

I'll now update you on the proposed Marshalltown Generating Station in Iowa. On Monday we filed with the Iowa Utilities Board a settlement agreement with the Office of Consumer Advocate regarding ratemaking principles. IPL's initial filing was for approval of eight ratemaking principles prior to beginning of construction. Of these principles, the OCA and IPL were in agreement on five of the eight principles, including the \$700 million price cap for the project.

The OCA and IPL originally had differences on three of the principles which were resolved in the proposed settlement. The proposed settlement includes our acceptance of the OCA's recommended return on common equity of 11 percent for the depreciable life of the facility, the use of 10.3 percent return on common equity for the calculation of AFUDC, and both parties have withdrawn their respective positions on double leverage and have agreed that these issues can be addressed in the context of future rate cases or other proceedings.

On May 21<sup>st</sup> the IUB will hold a hearing for all intervening parties in the proceedings. We expect to receive an IUB decision later this year. The IUB's decision to grant a certificate for construction would be contingent upon IPL receiving all necessary permits and other regulatory approvals, including an

air permit from the Iowa Department of Natural Resources, and approval for construction of a natural gas pipeline, which was filed this week with the IUB.

An important piece of IPL's resource plan is the Duane Arnold Energy Center PPA. We were pleased to receive the IUB's order for the new 11-year, DAEC PPA effective in February 2014. All costs of the new DAEC PPA will flow through the energy adjustment clause.

Intervenors raised concerns in the DAEC docket about the potential double recovery of capacity costs if IPL does not file a new base rate case in 2014, since \$135 million of DAEC capacity payments were included in 2009 base rates, which was the last base rate case.

We are continuing to work with various stakeholders to extend the current three year electric base rate freeze that expires at the end of this year. We are proposing to stabilize electric retail base rates at the current levels until the proposed Marshalltown Generating Station is placed in service which is currently expected in the April of 2017.

Our proposal would avoid the need for multiple rate cases over the next few years and eliminate electric base rate volatility for our customers. We will continue to work with the parties and have the ability to utilize the remaining funds available from the tax benefit rider to facilitate base rate stabilization. At the end of 2013, there will be approximately \$230 million available to refund to electric retail customers.

The IUB acknowledges IPL's commitment to work with the consumer advocate and large customer groups to resolve this issue before the DAEC charges start flowing through the

energy adjustment clause. However, if the parties cannot resolve this issue, IPL will file a general rate case proceeding in the first quarter of 2014 along with a refund obligation with an effective date of the new DAEC agreement of February 22, 2014. Any required refund would be based upon the IUB's final rate order in late 2014 and applied retroactively to February 22, 2014.

We remain committed and look forward to working with the parties to reach agreement on a rate stabilization plan by February 2014.

If a rate stabilization agreement cannot be reached, the base rate case filed in early 2014 would include recovery of and a return on base rate base additions of approximately \$500 million and other changes in revenue requirements since our base 2009 test year case. As we discussed in the past, the DAEC capacity payments in base rates would offset the increase in revenue requirements related to higher rate base, depreciation, interest, and associated operation and maintenance expenses. We also anticipate that we would likely need additional rate cases before 2017, since electric rate base is expected to increase during that period.

Let me summarize the key messages for today:

- We expect to meet our 5 to 7 percent earnings growth and 60 to 70% common dividend payout target.
  - We are making great progress transforming our generating portfolio to one that is balanced, with lower emissions and has the flexibility to comply with all existing and currently proposed environmental regulations.
- We are focused on working safely, providing excellent customer service and improving reliability.
  - We will manage our company focusing on operational and financial discipline with a goal of earning our authorized returns while minimizing customer rate volatility and increases.
  - And finally, we will work closely with our regulators and stakeholders to receive our remaining approvals in a timely manner.

Thank you for your interest in Alliant Energy and I will now turn the call over to Tom.

**TOM HANSON:**

Good morning everyone. Today, we released our first quarter 2013 earnings. Non-GAAP earnings from continuing operations were \$0.72 per share, which is a \$0.22 per share increase over first quarter 2012. First quarter 2013 weather resulted in positive earnings of \$0.02 cents per share compared to a loss of \$0.12 cents per share in the first quarter of 2012. This resulted in a \$0.14 per share positive variance. Other positive drivers were quarter-over-quarter timing impacts of IPL's electric and gas tax benefit riders, elimination of capacity charges related to the WPL's Riverside PPA, a 2013 revenue requirement adjustment related to IPL's tax initiatives and lower energy conservation cost recovery amortizations at WPL. These positive EPS drivers were partially offset by higher WPL depreciation expense, reduced retail gas base rates for WPL starting in January 2013, and losses associated with AER's Franklin County wind farm project. First quarter comparisons between 2013 and

2012 earnings per share are detailed on slides 4, 5 and 6.

We are reaffirming our 2013 guidance of \$2.95 to \$3.25 a share. While we are pleased with first quarter results, we are a third quarter company due to our summer peak load thus we are not making changes to our guidance at this time.

In our consolidated earnings guidance walk between 2012 and 2013, which has been provided in our investor relations presentations, we highlighted several drivers for the forecasted year-over-year earnings results. One of the largest drivers is a forecasted \$0.29 per share increase in earnings due to lower purchased power capacity costs primarily related to the Riverside Energy Center which WPL purchased on December 31, 2012.

To assist with modeling quarterly earnings projections, please note that of the \$60 million annual Riverside capacity payments, approximately \$6 million was paid in the first quarter, \$20 million was paid in the second quarter, \$28 million was paid in the third quarter and \$6 million was paid in the fourth quarter.

The economy in our service territories continues to slowly improve. The forecasted 2013 retail electric sales reflect relatively flat weather normalized sales when compared to 2012. Sales trends between forecasted 2013 and weather normalized 2012 by customer class are illustrated on supplemental slide 7. The forecasted decrease in IPL's industrial sales Q1 over 2012 weather normalized sales is due to co-generation customer outages which increased IPL's industrial sales in the first quarter of 2012.

The decreased sales to co-generation facilities resulted in less than \$0.01 per share impact to first quarter 2013 earnings. Excluding the IPL co-generation variances from industrials would have resulted in a slight increase in forecasted industrial sales growth resulting from plant expansions and general industrial forecasted increased use.

IPL's electric and gas tax benefit riders are expected to have no earnings impact for 2013, just like they had no earnings impact in 2011 or 2012. The forecasted quarterly earnings impact of the 2013 electric and gas tax benefit riders, as well as the actual quarterly earnings impact of the 2012 electric tax benefit rider, are provided in slide 8.

Turning to our financing plans, cash flows from operations are expected to remain strong since we do not expect to make any material federal income tax payments until 2015. Please note the 2013 cash flows are impacted by reduced customer's bills in accordance with IPL's tax benefit riders.

During the first quarter we redeemed IPL's \$150 million 8 3/8% preferred stock and issued \$200 million of 5.1% preferred stock. During the first quarter we also redeemed WPL's \$60 million of preferred stock and have no current plans to replace the preferred stock at WPL. Our current 2013 financing plan anticipates issuing long-term debt of up to \$300 million at IPL. The impact of these financings are included in the 2013 guidance. However, the one-time charges related to the redemptions are excluded from our 2013 guidance.

We believe that with our strong cash flows and financing plan, we can maintain our targeted liquidity,

capitalization ratios and credit metrics. Therefore, we do not plan to issue any material new equity in 2013 and we expect to announce our 2014 financing plans later this year. Our future financing plans will be significantly influenced by the timing of the construction expenditures for the approved Edgewater 5 scrubber and bag house project and the proposed Marshalltown facility. We expect a regulatory decision on the Marshalltown Generating Station in or before the fourth quarter.

Slide 9 has been provided to assist you in modeling our forecasted 2013 effective tax rates for IPL, WPL and AEC.

Turning to our regulatory calendar, we have made significant progress to date on the 2013 regulatory dockets which are summarized on slide 10. We are awaiting one major decision yet this year, which is on the construction authorization and rate making principles for the proposed Marshalltown Generating Station. The next major milestone in these proceedings is the May 21<sup>st</sup> hearings for all intervening parties. In addition to these proceedings, we continue discussions with the OCA and other stakeholders regarding our proposed rate stabilization plan which would run from January 2014 until the anticipated in-service of the Marshalltown Generating Station which is scheduled for April 2017.

We very much appreciate your continued support for the company. You are invited to join us at our annual meeting next week, which will be held on May 9<sup>th</sup> in Cedar Rapids. At this

The accompanying conference call script includes forward-looking statements. These forward-looking statements can be identified as such because the statements include words such as "estimated," "approximately," "expected," "plan," "proposed," "anticipate," "forecasted," "believe," or other words of

time, I will turn the call back over to the operator to facilitate the questions and answers.

**CONFERENCE CALL OPERATOR:**

Thank you, Mr. Hanson. At this time, the company will open up the call to questions from members of the investment community. Alliant Energy's management will take as many questions as they can within the one-hour time frame for this morning's call.

**(OPERATOR PROVIDES INSTRUCTIONS ON HOW TO ASK A QUESTION)**

(Q&A SESSION)

**CONFERENCE CALL COORDINATOR/OPERATOR:**

Ms. Gille, there are no further questions at this time.

**SUSAN GILLE:**

With no more questions, this concludes our call. A replay will be available through May 10, 2013 at 888-203-1112, for US and Canada, or 719-457-0820 for international. Callers should reference conference ID 8244179.

In addition, an archive of the conference call and a script of the prepared remarks made on the call will be available on the investor's section of the company's Web site later today. We thank you for your continued support of Alliant Energy and feel free to contact me with any follow-up questions.

similar import. Similarly, statements that describe future financial performance, including future earnings and growth, earnings guidance, or plans or strategies, including our construction plans, financing plans and regulatory plans and strategies, are forward-looking statements. Such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those currently anticipated. Actual results could be affected by the following factors, among others:

- federal and state regulatory or governmental actions, including the impact of energy, tax, financial and health care legislation, and of regulatory agency orders;
- IPL's and WPL's ability to obtain adequate and timely rate relief to allow for, among other things, the recovery of operating costs, fuel costs, transmission costs, deferred expenditures, capital expenditures, and remaining costs related to generating units that may be permanently closed, earning their authorized rates of return, and the payments to their parent of expected levels of dividends;
- the ability to continue cost controls and operational efficiencies;
- the impact of IPL's retail electric base rate freeze in Iowa through 2013;
- the impact of WPL's retail electric and gas base rate freeze in Wisconsin through 2014;
- weather effects on results of utility operations including impacts of temperature changes in IPL's and WPL's service territories on customers' demand for electricity and gas;
- the impact of the economy in IPL's and WPL's service territories and the resulting impacts on sales volumes, margins and the ability to collect unpaid bills;
- the impact of energy efficiency, franchise retention and customer owned generation on sales volumes and margins;
- developments that adversely impact Alliant Energy's, IPL's and WPL's ability to implement their strategic plan, including unanticipated issues with new emission controls equipment for various coal-fired generating facilities of IPL and WPL, IPL's construction of its proposed natural gas-fired electric generating facility in Iowa, Alliant Energy Resources, LLC's selling price of the electricity output from its 100 megawatt Franklin County wind project, and the potential decommissioning of certain generating facilities of IPL and WPL;
- issues related to the availability of generating facilities and the supply and delivery of fuel and purchased electricity and the price thereof, including the ability to recover and to retain the recovery of purchased power, fuel and fuel-related costs through rates in a timely manner;
- the impact that fuel and fuel-related prices may have on IPL's and WPL's customers' demand for utility services;
- issues associated with environmental remediation and environmental compliance, including final approval of and compliance with the Consent Decree between WPL, the Sierra Club and the U.S. Environmental Protection Agency (EPA), future changes in environmental laws and regulations and litigation associated with environmental requirements;
- the ability to defend against environmental claims brought by state and federal agencies, such as the EPA, or third parties, such as the Sierra Club;
- the ability to recover through rates all environmental compliance and remediation costs, including costs for projects put on hold due to uncertainty of future environmental laws and regulations;
- the direct or indirect effects resulting from terrorist incidents, including cyber terrorism, or responses to such incidents;
- the impact of a failure to maintain the security of personally identifiable information, including associated costs to notify affected persons and to mitigate their information security concerns;
- impacts of future tax benefits from deductions for repairs expenditures and mixed service costs and temporary differences from historical tax benefits from such deductions that are included in rates when the differences reverse in future periods;
- any material post-closing adjustments related to any past asset divestitures, including the sale of RMT, Inc.;
- continued access to the capital markets on competitive terms and rates, and the actions of credit rating agencies;
- inflation and interest rates;
- changes to the creditworthiness of counterparties with which Alliant Energy, IPL and WPL have contractual arrangements, including participants in the energy markets and fuel suppliers and transporters;
- issues related to electric transmission, including operating in Regional Transmission Organization (RTO) energy and ancillary services markets, the impacts of potential future billing adjustments and cost allocation changes from RTOs and recovery of costs incurred;

- unplanned outages, transmission constraints or operational issues impacting fossil or renewable generating facilities and risks related to recovery of resulting incremental costs through rates;
- Alliant Energy's ability to successfully pursue appropriate appeals with respect to, and any liabilities arising out of, the alleged violation of the Employee Retirement Income Security Act of 1974 by the Alliant Energy 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, including floods, droughts and forest or prairie fires, in IPL's and WPL's service territories may have on their operations and recovery of, and rate relief for, costs associated with restoration activities;
- the impact of distributed generation in IPL's and WPL's service territories on system reliability, operating expenses and customers' demand for electricity;
- access to technological developments;
- material changes in retirement and benefit plan costs;
- the impact of performance-based compensation plans accruals;
- the effect of accounting pronouncements issued periodically by standard-setting bodies;
- the impact of changes to 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; and
- the ability to successfully complete tax audits, changes in tax accounting methods and appeals with no material impact on earnings and cash flows.

These factors should be considered when evaluating the forward-looking statements and undue reliance should not be placed on such statements. Without limitation, the expectations with respect to projected earnings are forward-looking statements and are based in part on certain assumptions made by Alliant Energy, some of which are referred to in the forward-looking statements. Alliant Energy cannot provide any assurance that the assumptions referred to in the forward-looking statements or otherwise are accurate or will prove to be correct. Any assumptions that are inaccurate or do not prove to be correct could have a material adverse effect on Alliant Energy's ability to achieve the estimates or other targets included in the forward-looking statements. The forward-looking statements included herein are made as of the date hereof and Alliant Energy undertakes no obligation to update publicly such statements to reflect subsequent events or circumstances.