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ALLIANT ENERGY CORP

Form 10-Q

August 06, 2009

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended **June 30, 2009**

or

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

For the transition period from _____ to _____

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

This combined Form 10-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 ☐

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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 <u>Filer</u>	Accelerated <u>Filer</u>	Non-accelerated <u>Filer</u>	Smaller Reporting Company <u>Filer</u>
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 July 31, 2009:

Alliant Energy Corporation	Common stock, \$0.01 par value, 110,624,323 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. 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) include:

federal and state regulatory or governmental actions, including the impact of energy-related and tax legislation and regulatory agency orders;

their ability to obtain adequate and timely rate relief to allow for, among other things, the recovery of operating costs, deferred expenditures and capital expenditures, including any construction costs incurred over the predetermined level included in the advanced rate making principles for IPL's Whispering Willow - East wind project, costs related to operating units that may be permanently closed, the earning of reasonable rates of return, and the payment of expected levels of dividends;

the state of the economy in their service territories and resulting implications on sales, margins and ability to collect unpaid bills, in particular as a result of the current recession;

weather effects on results of operations;

developments that adversely impact their ability to implement their strategic plans including unanticipated issues in connection with construction of their new wind generating facilities, including their ability to obtain all required regulatory approvals and permits, and WPL's potential purchase of the Riverside Energy Center (Riverside);

IPL's ability to reduce the impact of transmission rate increases for 2009 and future years, either through regulatory proceedings with the Federal Energy Regulatory Commission (FERC) or by recovery of costs in rates;

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 retain purchased power, fuel and fuel-related costs through rates in a timely manner;

the impact fuel and fuel-related prices and other economic conditions may have on their customers' demand for utility services;

impacts that storms or natural disasters in their service territories may have on their operations, including uncertainties associated with efforts to remediate the effects of the June 2008 Midwest flooding, reimbursement of storm-related costs covered by insurance, amount of unreimbursed costs, levels of steam margins, rate relief for costs associated with restoration and any asset impairment charges with respect to IPL's steam distribution and generating systems;

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

potential impacts of any future laws or regulations regarding global climate change or carbon emissions reductions, including the American Clean Energy and Security Act, which contains a proposed greenhouse gas (GHG) cap-and-trade program;

the growth rate of ethanol and biodiesel production in their service territories;

continued access to the capital markets under competitive terms and rates;

financial impacts of hedging strategies, including the impact of weather hedges or not hedging on earnings;

sales and project execution for RMT, Inc. (RMT) and the level of growth in the wind development market and the impact of the American Recovery and Reinvestment Act of 2009 (ARRA);

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issues related to electric transmission, including operating in the Midwest Independent Transmission System Operator (MISO) energy and ancillary services markets, the impacts of potential future billing adjustments from MISO and recovery of costs incurred; unplanned outages at generating facilities and risks related to recovery of incremental costs through rates;

Alliant Energy Resources, LLC's (Resources') and Alliant Energy's ability to successfully defend against, and any liabilities arising out of, the alleged default by Resources under the Indenture for the Exchangeable Senior Notes due 2030;

Alliant Energy's ability to successfully defend against, and any liabilities arising out of, the purported shareowner derivative complaint stemming from the Exchangeable Senior Notes due 2030 litigation;

Alliant Energy's ability to successfully defend against, and any liabilities arising out of, the alleged violation of the Employee Retirement Income Security Act of 1974 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;

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the direct or indirect effects resulting from terrorist incidents or responses to such incidents;

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

access to technological developments;

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

the impact of necessary accruals for the terms of incentive compensation plans;

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

the ability to continue cost controls and operational efficiencies;

increased retirement plan costs due to decreases in market value of plan assets;

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

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

inflation and interest rates; and

factors listed in Item 1A Risk Factors and Other Matters - Other Future Considerations in Management's Discussion and Analysis of Financial Condition and Results of Operations.

Alliant Energy, IPL and WPL assume no obligation, and disclaim any duty, to update the forward-looking statements in this report.

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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 June 30,		For the Six Months Ended June 30,	
2009	2008	2009	2008

ALLIANT ENERGY CORPORATION CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

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(dollars in millions, except per share amounts)

Operating revenues:

Utility:				
Electric	\$567.8	\$576.7	\$1,175.9	\$1,144.4
Gas	58.1	121.1	322.7	429.6
Other	18.3	15.6	49.3	33.5
Non-regulated	98.1	114.0	144.3	211.9
	742.3	827.4	1,692.2	1,819.4

Operating expenses:

Utility:				
Electric production fuel and purchased power	264.2	281.2	586.6	559.1
Electric transmission service	58.3	44.4	117.0	90.1
Cost of gas sold	27.5	86.8	226.6	318.9
Other operation and maintenance	146.8	148.6	307.3	291.3
Non-regulated operation and maintenance	90.5	96.5	135.0	177.3
Depreciation and amortization	66.7	61.7	131.8	123.3
Taxes other than income taxes	25.5	26.2	51.4	52.3
	679.5	745.4	1,555.7	1,612.3

Operating income

62.8	82.0	136.5	207.1
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Interest expense and other:

Interest expense	35.7	30.3	71.4	60.0
Equity income from unconsolidated investments, net	(8.6)	(7.2)	(17.8)	(14.7)
Allowance for funds used during construction	(11.3)	(4.2)	(20.8)	(7.4)
Interest income and other	(1.4)	(4.2)	(3.1)	(11.3)
	14.4	14.7	29.7	26.6

Income from continuing operations before income taxes

48.4	67.3	106.8	180.5
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Income tax expense (benefit)

14.6	10.8	(4.3)	51.2
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Income from continuing operations, net of tax

33.8	56.5	111.1	129.3
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Income from discontinued operations, net of tax

-	9.0	-	9.0
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Net income

33.8	65.5	111.1	138.3
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Preferred dividend requirements of subsidiaries

4.7	4.7	9.4	9.4
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Net income attributable to Alliant Energy common shareowners

\$29.1	\$60.8	\$101.7	\$128.9
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Weighted average number of common shares outstanding (basic) (000s)	110,266	110,168	110,242	110,158
Weighted average number of common shares outstanding (diluted) (000s)	110,349	110,322	110,327	110,313
Earnings per weighted average common share attributable to Alliant Energy common shareowners (basic and diluted):				
Income from continuing operations, net of tax	\$0.26	\$0.47	\$0.92	\$1.09
Income from discontinued operations, net of tax	-	0.08	-	0.08
Net income attributable to Alliant Energy common shareowners	\$0.26	\$0.55	\$0.92	\$1.17
Amounts attributable to Alliant Energy common shareowners:				
Income from continuing operations, net of tax	\$29.1	\$51.8	\$101.7	\$119.9
Income from discontinued operations, net of tax	-	9.0	-	9.0
Net income attributable to Alliant Energy common shareowners	\$29.1	\$60.8	\$101.7	\$128.9
Dividends declared per common share	\$0.375	\$0.35	\$0.75	\$0.70

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

ALLIANT ENERGY CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

ASSETS	June 30, 2009	December 31, 2008
	(in millions)	
Property, plant and equipment:		
Utility:		
Electric plant in service	\$6,387.9	\$6,018.8
Gas plant in service	775.1	761.6
Other plant in service	497.0	481.0
Accumulated depreciation	(2,878.2)	(2,766.2)
Net plant	4,781.8	4,495.2
Construction work in progress:		
Whispering Willow - East wind project (Interstate Power and Light Company)	366.5	189.4
Other	290.5	294.2
Bent Tree wind project (Wisconsin Power and Light Company)	57.8	1.1
Other, less accumulated depreciation	44.1	21.3
Total utility	5,540.7	5,001.2

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Non-regulated and other:		
Non-regulated Generation, less accumulated depreciation	136.0	230.1
Alliant Energy Corporate Services, Inc. and other, less accumulated depreciation	139.6	122.2
Total non-regulated and other	275.6	352.3
	5,816.3	5,353.5
Current assets:		
Cash and cash equivalents	246.2	346.9
Accounts receivable:		
Customer, less allowance for doubtful accounts	112.7	233.9
Unbilled utility revenues	96.5	186.2
Other, less allowance for doubtful accounts	100.1	138.6
Income tax refunds receivable	130.0	67.7
Production fuel, at weighted average cost	125.1	111.7
Materials and supplies, at weighted average cost	58.1	55.8
Gas stored underground, at weighted average cost	33.0	75.0
Regulatory assets	127.5	101.6
Derivative assets	23.7	18.1
Other	85.0	110.1
	1,137.9	1,445.6
Investments:		
Investment in American Transmission Company LLC	205.8	195.1
Other	61.3	60.9
	267.1	256.0
Other assets:		
Regulatory assets	926.8	933.1
Deferred charges and other	187.2	213.3
	1,114.0	1,146.4
Total assets	\$8,335.3	\$8,201.5

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

ALLIANT ENERGY CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED) (Continued)

CAPITALIZATION AND LIABILITIES	June 30, 2009	December 31, 2008
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(in millions, except per
share and share amounts)

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Capitalization:

Alliant Energy Corporation common equity:

Common stock - \$0.01 par value - authorized 240,000,000 shares;
outstanding 110,633,319 and 110,449,099 shares

Additional paid-in capital

Retained earnings

Accumulated other comprehensive loss

Shares in deferred compensation trust - 258,269 and 238,241 shares
at a weighted average cost of \$30.43 and \$30.79 per share

Total Alliant Energy Corporation common equity

Cumulative preferred stock of Interstate Power and Light Company

Noncontrolling interest

Total equity

Cumulative preferred stock of Wisconsin Power and Light Company

Long-term debt, net (excluding current portion)

Current liabilities:

Current maturities of long-term debt

Commercial paper

Accounts payable

Regulatory liabilities

Accrued taxes

Derivative liabilities

Other

Other long-term liabilities and deferred credits:

Deferred income taxes

Regulatory liabilities

Pension and other benefit obligations

Other

Total capitalization and liabilities

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

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

For the Six Months Ended June 30,
2009 2008

(in millions)

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Cash flows from operating activities:		
Net income	\$111.1	\$138.3
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	131.8	123.3
Other amortizations	20.9	23.2
Deferred tax expense (benefit) and investment tax credits	79.0	(5.7)
Equity income from unconsolidated investments, net	(17.8)	(14.7)
Distributions from equity method investments	14.4	12.8
Other	(9.7)	2.4
Other changes in assets and liabilities:		
Accounts receivable	127.7	(9.7)
Sale of accounts receivable	115.0	40.0
Income tax refunds receivable	(62.3)	(61.0)
Gas stored underground	42.0	33.4
Regulatory assets	(44.7)	15.8
Derivative assets	(10.3)	(90.7)
Accounts payable	(60.4)	34.9
Regulatory liabilities	(39.4)	52.3
Derivative liabilities	36.2	(4.5)
Accrued incentive compensation and other	6.4	(30.2)
Net cash flows from operating activities	439.9	259.9
Cash flows used for investing activities:		
Construction and acquisition expenditures:		
Utility business	(597.8)	(429.5)
Alliant Energy Corporate Services, Inc. and non-regulated businesses	(30.4)	(14.3)
Advances for customer energy efficiency projects	(12.0)	(11.8)
Collections of advances for customer energy efficiency projects	41.1	19.7
Insurance proceeds received for property damages	15.0	-
Other	(4.2)	12.5
Net cash flows used for investing activities	(588.3)	(423.4)
Cash flows from (used for) financing activities:		
Common stock dividends	(82.7)	(77.1)
Preferred dividends paid by subsidiaries	(9.4)	(9.4)
Net change in short-term borrowings	151.4	95.8
Other	(11.6)	(17.5)
Net cash flows from (used for) financing activities	47.7	(8.2)
Net decrease in cash and cash equivalents	(100.7)	(171.7)
Cash and cash equivalents at beginning of period	346.9	745.6
Cash and cash equivalents at end of period	\$246.2	\$573.9

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

ALLIANT ENERGY CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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

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(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) General - The interim condensed consolidated financial statements included herein have been prepared by Alliant Energy, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Accordingly, certain information and note disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (U.S.) (GAAP) have been condensed or omitted, although management believes that the disclosures are adequate to make the information presented not misleading. The condensed consolidated financial statements include Alliant Energy and its consolidated subsidiaries (including IPL, WPL, Resources and Alliant Energy Corporate Services, Inc. (Corporate Services)). These financial statements should be read in conjunction with the financial statements and the notes thereto included in Alliant Energy's, IPL's and WPL's latest combined Annual Report on Form 10-K.

Alliant Energy has evaluated subsequent events through the date and time the financial statements were issued on Aug. 6, 2009. In the opinion of management, all adjustments, which unless otherwise noted are normal and recurring in nature, necessary for a fair presentation of the condensed consolidated results of operations for the three and six months ended June 30, 2009 and 2008, the condensed consolidated financial position at June 30, 2009 and Dec. 31, 2008, and the condensed consolidated statements of cash flows for the six months ended June 30, 2009 and 2008 have been made. Results for the three and six months ended June 30, 2009 are not necessarily indicative of results that may be expected for the year ending Dec. 31, 2009. A change in management's estimates or assumptions could have a material impact on Alliant Energy's financial condition and results of operations during the period in which such change occurred. Certain prior period amounts have been reclassified on a basis consistent with the current period financial statement presentation.

(b) Regulatory Assets and Liabilities -

Fuel Cost Recovery - Refer to Note 2 for discussion of refunds paid by WPL to its retail electric customers in 2009, which decreased regulatory liabilities on Alliant Energy's and WPL's Condensed Consolidated Balance Sheets during the first half of 2009.

Derivatives - IPL and WPL generally record regulatory assets or liabilities to offset the changes in fair value of derivatives, based on the fuel and natural gas recovery mechanisms in place, as well as other specific regulatory authorizations. Refer to Note 11(a) for information regarding the changes in fair value of derivatives during the first half of 2009, which IPL and WPL recognized in regulatory assets and liabilities.

Costs for Proposed Base-load, Clean Air Compliance and Wind Projects - IPL and WPL have incurred expenditures for the planning and siting of certain proposed base-load, clean air compliance and wind projects. Cumulative unrecovered costs for these projects were primarily recorded in "Other assets - regulatory assets" as follows (in millions):

	Alliant Energy		IPL		WPL	
	June 30, 2009	Dec. 31, 2008	June 30, 2009	Dec. 31, 2008	June 30, 2009	Dec. 31, 2008
WPL's base-load project	\$28.6	\$35.6	\$--	\$--	\$28.6	\$35.6
IPL's base-load project	27.8	30.2	27.8	30.2	--	--
Clean air compliance projects	18.2	20.7	9.0	12.5	9.2	8.2
Wind projects	1.0	1.4	--	--	1.0	1.4
	\$75.6	\$87.9	\$36.8	\$42.7	\$38.8	\$45.2

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WPL's Base-Load Project - In December 2008, the Public Service Commission of Wisconsin (PSCW) issued a written order denying WPL's application to construct a 300 megawatt (MW) coal-fired electric generating facility in Cassville, Wisconsin referred to as Nelson Dewey #3. In December 2008, WPL received approval from the PSCW to recover \$4 million from its retail customers during calendar year 2009 for a portion of the Nelson Dewey #3 costs incurred through December 2007. In May 2009, WPL filed a 2010 retail rate case with the PSCW that included a request to recover the remaining retail portion of the Nelson Dewey #3 costs of \$23 million over a five-year period ending December 2014.

In April 2009, WPL executed an agreement with its wholesale customers to recover \$4 million of the wholesale portion of the capitalized expenditures for the Nelson Dewey #3 project in the above table that were incurred by WPL through December 2008. WPL expects to recover the \$4 million of capitalized expenditures from its wholesale customers over a one-year period ending May 2010.

IPL's Base-Load Project - In March 2009, IPL and its joint partners decided not to proceed with the construction of the proposed 630 MW coal-fired electric generating facility in Marshalltown, Iowa referred to as Sutherland #4. In March 2009, IPL filed with the Iowa Utilities Board (IUB) a request to increase retail electric rates, which includes the recovery of the Iowa retail portion of the Sutherland #4 costs in the above table over a five-year period. IPL expects the IUB to issue its decision regarding the retail electric rate increase and the recovery of the Iowa retail portion of the Sutherland #4 capitalized expenditures in the first quarter of 2010. In March 2009, IPL filed a petition with the Minnesota Public Utilities Commission (MPUC) requesting approval of deferred accounting treatment for the Minnesota retail portion of the Sutherland #4 costs in the above table. If approved, recovery of deferred costs related to Sutherland #4 would be considered in a future regulatory proceeding in Minnesota.

IPL and WPL assess whether their regulatory assets are probable of future recovery by considering factors such as applicable regulations, recent orders by the applicable regulatory agencies, historical treatment of similar costs by the applicable regulatory agencies and regulatory environment changes. Based on these assessments, IPL and WPL believe the regulatory assets recognized as of June 30, 2009 in the above table are probable of future recovery. However, no assurance can be made that IPL and WPL will recover all of these regulatory assets in future rates. If future recovery of a regulatory asset ceases to be probable, the regulatory asset will be charged to expense in the period in which future recovery ceases to be probable.

Duane Arnold Energy Center (DAEC) Spent Nuclear Fuel Litigation Settlement - Refer to Note 12(g) for discussion of a \$12 million regulatory liability recorded on Alliant Energy's and IPL's Condensed Consolidated Balance Sheets at June 30, 2009 related to a DAEC spent nuclear fuel litigation settlement in 2009.

MISO Revenue Sufficiency Guarantee (RSG) Settlements - Refer to Note 12(f) for discussion of a \$2 million regulatory asset recorded on Alliant Energy's and WPL's Condensed Consolidated Balance Sheets at June 30, 2009 for RSG-related refunds WPL made to its retail customers in the second quarter of 2009 that are currently not expected to be received from MISO.

(c) Cash and Cash Equivalents - At June 30, 2009 and Dec. 31, 2008, the majority of Alliant Energy's cash and cash equivalents were invested in money market funds providing daily liquidity. The yield on these funds can fluctuate daily. Information on Alliant Energy's cash and cash equivalents was as follows (dollars in millions):

	June 30, 2009	Dec. 31, 2008
Total cash and cash equivalents	\$246	\$347

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

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Money market fund investments	\$240	\$339
Interest rates on money market fund investments	0.44 - 0.49%	1.43 - 1.83%

(d) Utility Property, Plant and Equipment -

Allowance For Funds Used During Construction (AFUDC) - The amount of AFUDC generated by equity and debt components for the three and six months ended June 30 was as follows (in millions):

	Alliant Energy		IPL		WPL	
	2009	2008	2009	2008	2009	2008
<u>Three Months Ended June 30:</u>						
Equity	\$8.8	\$2.8	\$8.3	\$1.3	\$0.5	\$1.5
Debt	2.5	1.4	2.3	0.6	0.2	0.8
	\$11.3	\$4.2	\$10.6	\$1.9	\$0.7	\$2.3
<u>Six Months Ended June 30:</u>						
Equity	\$16.1	\$4.9	\$15.0	\$2.1	\$1.1	\$2.8
Debt	4.7	2.5	4.2	1.1	0.5	1.4
	\$20.8	\$7.4	\$19.2	\$3.2	\$1.6	\$4.2

The increase in Alliant Energy's and IPL's AFUDC was primarily due to AFUDC recognized in 2009 for IPL's Whispering Willow - East wind project. The decrease in WPL's AFUDC was primarily due to AFUDC recognized in 2008 for WPL's Cedar Ridge wind project, which was placed in service in the fourth quarter of 2008.

Wind Generation Projects -

IPL's Whispering Willow Wind Project In 2007, IPL acquired approximately 500 MW of wind site capacity in Franklin County, Iowa referred to as the Whispering Willow wind project. The initial 200 MW of the wind project, referred to as the Whispering Willow - East wind project, is currently under construction. Future development of the balance of the wind project will depend on numerous factors such as renewable portfolio standards and availability of wind turbines.

In February 2008, IPL received approval from the IUB to construct the initial 200 MW of the wind project. The advanced rate making principles for this project, as approved by the IUB in February 2008, included a predetermined level, or cost cap, for construction costs. If final construction costs for the project exceed this cost cap, IPL will be required to demonstrate the construction costs above the cost cap are prudent and reasonable in order to recover the additional costs in electric rates. As of June 30, 2009, IPL incurred construction costs of \$347 million and recognized AFUDC of \$20 million related to the project. These amounts were recorded in Construction work in progress - Whispering Willow - East wind project on Alliant Energy's and IPL's Condensed Consolidated Balance Sheets at June 30, 2009. Alliant Energy and IPL believe the construction costs incurred for Whispering Willow - East through June 30, 2009 are prudent and reasonable.

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As of June 30, 2009, IPL's capitalized costs related to the remaining approximately 300 MW of site capacity for the Whispering Willow wind project were \$17 million and were recorded in Other property, plant and equipment on Alliant Energy's and IPL's Condensed Consolidated Balance Sheets.

WPL's Bent Tree Wind Project In March 2009, WPL purchased an approximately 400 MW wind project site in Freeborn County, Minnesota, referred to as the Bent Tree wind project. WPL is currently pursuing regulatory approval from the MPUC for the initial 200 MW of the wind project before it begins construction of the wind project. Future development of the balance of the wind project will depend on numerous factors such as renewable portfolio standards and availability of wind turbines.

In July 2009, WPL received approval from the PSCW to construct the initial 200 MW of the wind project. WPL expects the remaining regulatory approval from the MPUC for the 200 MW wind project in the third quarter of 2009. As of June 30, 2009, WPL's capitalized costs for the 200 MW wind project were \$58 million and included site acquisition costs and an initial payment to Vestas-American Wind Technology, Inc. (Vestas) for 200 MW of wind turbine generator sets and related equipment. These amounts were recorded in Bent Tree wind project on Alliant Energy's and WPL's Condensed Consolidated Balance Sheets at June 30, 2009. Upon receiving regulatory approval of the Bent Tree wind project, the capitalized costs related to this project will be transferred to Construction work in progress on Alliant Energy's and WPL's Condensed Consolidated Balance Sheets.

As of June 30, 2009, WPL's capitalized costs related to the remaining approximately 200 MW of site capacity for the Bent Tree wind project were \$12 million and were recorded in Other property, plant and equipment on Alliant Energy's and WPL's Condensed Consolidated Balance Sheets.

WPL's Green Lake and Fond du Lac Counties Wind Site - In March 2009, WPL purchased development rights to an approximately 100 MW wind site in Green Lake and Fond du Lac Counties in Wisconsin. As of June 30, 2009, WPL's capitalized costs related to this wind project were \$5 million and were recorded in Other property, plant and equipment on Alliant Energy's and WPL's Condensed Consolidated Balance Sheets.

WPL's Acquisition of the Neenah Energy Facility (NEF) In June 2009, WPL acquired a 300 MW, simple-cycle, dual-fueled (natural gas/diesel) electric generating facility and related inventories (diesel fuel and materials and supplies) located in Neenah, Wisconsin from Resources for \$92 million. The purchase price was allocated to property, plant and equipment (\$90 million), production fuel (\$1 million) and materials and supplies (\$1 million) based on the net book value of the assets acquired. WPL's acquisition of NEF from Resources resulted in a \$90 million decrease in Non-regulated Generation property, plant and equipment and a \$90 million increase in Utility property, plant and equipment on Alliant Energy's Condensed Consolidated Balance Sheet during the first half of 2009. NEF is being depreciated using a group method of depreciation, currently over a 30 year period.

IPL's Steam Plant in Service IPL's primary source of steam generating capability in downtown Cedar Rapids, the Sixth Street Generating Station, was shut down in June 2008 as a result of significant damage caused by severe flooding in downtown Cedar Rapids. Soon after the flood waters receded, IPL made necessary repairs to the underground steam distribution system and built a temporary steam generating system (natural gas-fired package boilers and water treatment systems) to resume steam service for customers in downtown Cedar Rapids. Following months of evaluations and discussions with its steam customers, IPL announced in the second quarter of 2009 its decision to discontinue providing steam service to customers in downtown Cedar Rapids in late 2009. As a result of this decision, IPL assessed the recoverability of its steam assets in downtown Cedar Rapids by estimating the expected undiscounted future cash flows and the carrying amount of the assets. Based on this assessment and an estimate of the fair value of these assets, Alliant Energy and IPL recognized an impairment charge of \$4 million in Utility other operation and maintenance expenses in their Condensed Consolidated Income Statements in the second quarter of 2009. IPL's steam assets are included in Utility business - other for segment reporting.

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(e) Supplemental Financial Information - The other (income) and deductions included in Interest income and other in Alliant Energy's Condensed Consolidated Statements of Income for the three and six months ended June 30 were as follows (in millions):

	Three Months		Six Months	
	2009	2008	2009	2008
Interest income	(\$1.2)	(\$4.3)	(\$2.8)	(\$11.2)
Other	(0.2)	0.1	(0.3)	(0.1)
	(\$1.4)	(\$4.2)	(\$3.1)	(\$11.3)

The supplemental cash flows information for Alliant Energy's Condensed Consolidated Statements of Cash Flows for the six months ended June 30 was as follows (in millions):

	2009	2008
Cash paid (refunded) during the period for:		
Interest, net of capitalized interest	\$73.7	\$72.1
Income taxes, net of refunds	(21.6)	133.3
Noncash investing and financing activities:		
Capital lease obligations incurred	5.2	--

The significant decrease in cash paid for income taxes during the first half of 2009 as compared to the first half of 2008 was primarily due to impacts of bonus tax depreciation deductions anticipated for 2009 under the ARRA.

(f) New Accounting Pronouncements -

Staff Accounting Bulletin (SAB) 112

In June 2009, the SEC issued SAB 112, which revises or rescinds portions of the interpretative guidance included in the SAB Series in order to make the interpretive guidance consistent with current GAAP and SEC rules and regulations. The principal revisions include deletion of material no longer necessary or that has been superseded because of the issuance of Statement of Financial Accounting Standards (SFAS) 141(R) and SFAS 160. Alliant Energy, IPL and WPL adopted SAB 112 in June 2009. SAB 112 did not have a material impact on their financial condition and results of operations.

SFAS 168, The Financial Accounting Standards Board (FASB) Accounting Standards CodificationTM (Codification) and the Hierarchy of Generally Accepted Accounting Principles - a replacement of FASB Statement No. 162

In June 2009, the FASB issued SFAS 168, which replaces SFAS 162, The Hierarchy of Generally Accepted Accounting Principles, and establishes the Codification as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with GAAP. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. All guidance contained in the Codification carries an equal level of authority. Alliant Energy, IPL and WPL are required to adopt SFAS 168 on Sept. 30, 2009. SFAS 168 is not expected to have a material impact

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

on their financial condition and results of operations.

SFAS 167, Amendments to FASB Interpretation No. (FIN) 46(R)

In June 2009, the FASB issued SFAS 167, which amends FIN 46(R), Consolidation of Variable Interest Entities, and changes how a company determines when an entity that is insufficiently capitalized or is not controlled through voting (or similar rights) should be consolidated. SFAS 167 requires additional disclosures about a company's involvement with variable interest entities and any significant changes in risk exposure due to that involvement. Alliant Energy, IPL and WPL are required to adopt SFAS 167 on Jan. 1, 2010. SFAS 167 is not expected to have a material impact on their financial condition and results of operations.

SFAS 166, Accounting for Transfers of Financial Assets - an amendment of FASB Statement No. 140

In June 2009, the FASB issued SFAS 166, which amends SFAS 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities, and requires additional disclosures about transfers of financial assets, including securitization transactions, and where companies have continuing exposure to the risks related to transferred financial assets. SFAS 166 eliminates the concept of a qualifying special-purpose entity and changes the requirements for derecognizing financial assets. Alliant Energy, IPL and WPL are required to adopt SFAS 166 on Jan. 1, 2010 and are currently evaluating the implications of SFAS 166 on their financial condition and results of operations.

SFAS 165, Subsequent Events

In May 2009, the FASB issued SFAS 165, which establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued. In particular, SFAS 165 sets forth: 1) the period after the balance sheet date during which management should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements; 2) the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements; and 3) the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. Alliant Energy, IPL and WPL adopted SFAS 165 on June 30, 2009. SFAS 165 did not have a material impact on their financial condition and results of operations. Refer to Note 1(a) for disclosures required by SFAS 165.

FASB Staff Position (FSP) SFAS 115-2 and SFAS 124-2, Recognition and Presentation of Other-Than-Temporary Impairments

In April 2009, the FASB issued FSP SFAS 115-2 and SFAS 124-2, which is intended to bring greater consistency to the timing of impairment recognition and provide greater clarity to investors about the credit and noncredit components of impaired debt securities that are not expected to be sold. FSP SFAS 115-2 and SFAS 124-2 also requires increased and more timely disclosures regarding expected cash flows, credit losses and an aging of securities with unrealized losses. Alliant Energy, IPL and WPL adopted FSP SFAS 115-2 and SFAS 124-2 on June 30, 2009 with no material impact on their financial condition and results of operations. Refer to Note 9(b) for disclosures required by FSP SFAS 115-2 and SFAS 124-2.

FSP SFAS 107-1 and Accounting Principles Board Opinion (APB) 28-1, Interim Disclosures about Fair Value of Financial Instruments

In April 2009, the FASB issued FSP SFAS 107-1 and APB 28-1, which requires quarterly qualitative and quantitative disclosures about fair value estimates for financial instruments not measured on the balance sheet at fair value. Alliant Energy, IPL and WPL adopted FSP SFAS 107-1 and APB 28-1 on June 30, 2009. Because FSP SFAS 107-1 and APB 28-1 provide only disclosure requirements, the adoption of this standard did not have any impact on their financial condition and results of operations. Refer to Note 10 for disclosures required by FSP SFAS 107-1 and APB 28-1.

FSP SFAS 132(R)-1, Employers Disclosures about Postretirement Benefit Plan Assets

In December 2008, the FASB issued FSP SFAS 132(R)-1, which amends SFAS 132(R), Employers Disclosures about Pensions and Other Postretirement Benefits, to require additional disclosures about plan assets of a defined benefit pension or other postretirement plan. Disclosures include investment policies and strategies, categories of plan assets, fair value of plan assets and significant concentrations of risk. Alliant Energy, IPL and WPL are required to adopt FSP SFAS 132(R)-1 by Dec. 31, 2009. Because FSP SFAS 132(R)-1 provides only disclosure requirements, the adoption of this standard will not have any impact on their financial condition and results of operations.

Emerging Issues Task Force (EITF) Issue 08-6, Equity Method Investment Accounting Considerations

In November 2008, the FASB issued EITF Issue 08-6, which considered the effects of the issuances of SFAS 141(R) and SFAS 160 on an entity's application of the equity method under APB 18, The Equity Method of Accounting for Investments in Common Stock. EITF Issue 08-6 addresses questions that have arisen regarding the application of equity method accounting guidance because of the significant changes to the guidance on business combinations and subsidiary equity transactions and the increased use of fair value measurements as a result of these pronouncements. Alliant Energy, IPL and WPL are required to adopt EITF Issue 08-6 beginning with transactions occurring in 2009. Because the provisions of EITF Issue 08-6 are only applied prospectively to transactions after adoption, the impact to Alliant Energy, IPL and WPL cannot be determined until any such transactions occur.

FSP SFAS 142-3, Determination of the Useful Life of Intangible Assets

In April 2008, the FASB issued FSP SFAS 142-3, which amends the factors that should be considered in developing renewal or extension assumptions used in determining the useful life of recognized intangible assets under SFAS 142, Goodwill and Other Intangible Assets, and requires expanded disclosures related to intangible assets. Alliant Energy, IPL and WPL adopted FSP SFAS 142-3 on Jan. 1, 2009 with no material impact on their financial condition or results of operations.

SFAS 161, Disclosures about Derivative Instruments and Hedging Activities - an amendment of FASB Statement No. 133

In March 2008, the FASB issued SFAS 161, which requires enhanced qualitative and quantitative disclosures about an entity's derivative and hedging activities. Alliant Energy, IPL and WPL adopted SFAS 161 on Jan. 1, 2009. Because SFAS 161 provides only disclosure requirements, the adoption of this standard did not have any impact on their financial condition or results of operations. Refer to Note 11(a) for disclosures required by SFAS 161.

SFAS 141(R), Business Combinations

In December 2007, the FASB issued SFAS 141(R), which establishes principles and requirements for how the acquiring entity in a business combination: recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree; recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. In April 2009, the FASB issued FSP SFAS 141(R)-1, Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies, which amends and clarifies SFAS 141(R) and requires that an acquirer recognize at fair value an asset acquired or liability assumed in a business combination that arises from a contingency if the acquisition-date fair value of that asset or liability can be determined during the measurement period. If the acquisition-date fair value cannot be determined then the acquirer follows the recognition criteria in SFAS 5, Accounting for Contingencies, and FIN 14, Reasonable Estimation of the Amount of a Loss - an interpretation of FASB Statement No. 5, to determine whether the contingency should be recognized as of the acquisition date or after it. Alliant Energy, IPL and WPL adopted SFAS 141(R) and FSP SFAS 141(R)-1 on Jan. 1, 2009. Because the provisions of SFAS 141(R) and FSP SFAS 141(R)-1 are only applied prospectively to business combinations after adoption, the impact to Alliant Energy, IPL and WPL cannot be determined until any business combinations occur.

SFAS 160, Noncontrolling Interests in Consolidated Financial Statements - an amendment of ARB No. 51

In December 2007, the FASB issued SFAS 160, which amends accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. SFAS 160 also clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. SFAS 160 also changes the way the consolidated income statement is presented, establishes a single method of accounting for changes in a parent's ownership interest in a subsidiary that do not result in deconsolidation, requires that a parent recognize a gain or loss in net income when a subsidiary is deconsolidated and requires expanded disclosures in the consolidated financial statements that clearly identify and distinguish between the interests of the parent's owners and the interests of the noncontrolling owners of a subsidiary. Alliant Energy, IPL and WPL adopted SFAS 160 on Jan. 1, 2009 with no material impact on their financial condition and results of operations.

SFAS 157, Fair Value Measurements

In September 2006, the FASB issued SFAS 157, which defines fair value, establishes a framework for measuring fair value in accordance with GAAP and expands disclosures about fair value measurements. Alliant Energy, IPL and WPL adopted SFAS 157 on Jan. 1, 2008 for financial instruments with no material impact on their financial condition and results of operations. In February 2008, the FASB issued FSP SFAS 157-2, Effective Date of SFAS 157. Alliant Energy, IPL and WPL adopted FSP SFAS 157-2 on Jan. 1, 2009 for all nonrecurring fair value measurements of nonfinancial assets and nonfinancial liabilities with no material impact on their financial condition and results of operations. In April 2009, the FASB issued FSP SFAS 157-4, Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly, which provides additional guidance on determining fair values when there is no active market or where the price inputs being used represent distressed sales. Alliant Energy, IPL and WPL adopted FSP SFAS 157-4 on June 30, 2009 with no material impact on their financial condition and results of operations. Refer to Note 10 for disclosures required by SFAS 157.

(2) UTILITY RATE MATTERS

IPL's 2009 Iowa Retail Rate Case In March 2009, IPL filed a request with the IUB to increase annual electric rates for its Iowa retail customers by \$171 million, or approximately 17%. An interim retail rate increase of \$84 million, or approximately 8% on an annual basis, was implemented by IPL effective March 27, 2009 without regulatory review and will be subject to refund pending determination of final rates from this request. As of June 30, 2009, Alliant Energy and IPL did not believe any refunds related to the interim rate increase were probable and therefore no rate refund reserves were recorded.

WPL's Fuel-related Retail Rate Cases Fuel-related costs incurred by WPL in 2008 and 2007 were lower than fuel-related costs used to determine rates during such periods resulting in refunds owed to its retail electric customers. In January 2009, WPL received approval from the PSCW to pay an \$18 million interim refund to retail electric customers in the first quarter of 2009 related to the 2008 fuel-related retail rate case. In April 2009, WPL received approval from the PSCW to refund to its retail electric customers in the second quarter of 2009 the remaining \$5 million related to the 2008 fuel-related retail rate case and the remaining \$2 million related to fuel-related costs in the 2007 retail rate case. WPL completed these refunds in the first half of 2009.

MISO RSG Settlements - Refer to Note 12(f) for discussion of MISO's RSG settlements process, including net benefits received by IPL and WPL in the first half of 2009 and amounts refunded to WPL's retail customers in the second quarter of 2009.

(3) COMPREHENSIVE INCOME

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

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Alliant Energy's comprehensive income, and the components of other comprehensive income, net of taxes, for the three and six months ended June 30 were as follows (in millions):

	Three Months		Six Months	
	2009	2008	2009	2008
Net income attributable to Alliant Energy common shareowners	\$29.1	\$60.8	\$101.7	\$128.9
Unrealized holding gains on securities, net of tax	0.1	1.9	0.1	2.5
Less: reclassification adjustment for gains included in net income, net of tax	--	--	0.1	--
Net unrealized gains on securities, net of tax	0.1	1.9	--	2.5
Pension and other postretirement benefits amortizations, net of tax	--	0.1	--	0.1
Other comprehensive income	0.1	2.0	--	2.6
Comprehensive income	\$29.2	\$62.8	\$101.7	\$131.5

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(4) RECEIVABLES

(a) Sales of Accounts Receivable - At June 30, 2009 and Dec. 31, 2008, IPL had sold in the aggregate \$140 million and \$25 million, respectively, of accounts receivable. IPL's average amount of aggregate accounts receivable sold and costs incurred related to the sales of accounts receivable program for the three and six months ended June 30 as follows (in millions):

	Three Months		Six Months	
	2009	2008	2009	2008
Average amount of aggregate accounts receivable sold (based on daily outstanding balances)	\$149.0	\$40.5	\$132.5	\$22.4
Costs incurred	0.6	0.3	1.2	0.4

Refer to Note 12(c) for discussion of an alleged default under the Indenture for the Exchangeable Senior Notes due 2030 that could trigger a cross default provision under IPL's sales of accounts receivable program agreement.

(b) Property Insurance Recoveries - Alliant Energy and IPL incurred covered flood losses related to the severe Midwest flooding in June 2008 that exceed the \$100 million coverage limit under Alliant Energy's property insurance policy. As of June 30, 2009, Alliant Energy and IPL received \$57 million of payments for reimbursement of covered flood losses under the property insurance policy. Alliant Energy and IPL believe the remaining \$43 million of coverage under the insurance policy is probable of recovery in the third quarter of 2009. Alliant Energy and IPL allocated the remaining coverage between expense (\$20 million) and capital (\$23 million) based on the percentage of covered flood losses charged to expense and charged to capital accounts for the initial \$100 million of covered flood losses incurred. The \$20 million of remaining coverage allocated to expense was recorded in Accounts receivable - other on Alliant Energy's and IPL's Condensed Consolidated Balance Sheets at June 30, 2009. The \$23 million of remaining coverage allocated to capital will be recorded in Utility accumulated depreciation on Alliant

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Energy's and IPL's Condensed Consolidated Balance Sheets in the period these amounts are received.

(c) Cash Collateral - As of June 30, 2009, IPL, WPL and Corporate Services had entered into numerous agreements to purchase and sell electricity, natural gas and emission allowances to serve IPL's and WPL's utility customers. Exposure under certain of these agreements exceeded contractual limits, requiring WPL and Corporate Services to provide cash collateral to certain counterparties. The cash collateral was recorded in Accounts receivable - other on Alliant Energy's and WPL's Condensed Consolidated Balance Sheets as follows (in millions):

	June 30, 2009	Dec. 31, 2008
WPL	\$7	\$15
Corporate Services	4	2
Alliant Energy	\$11	\$17

(5) INCOME TAXES

The provision for income taxes for earnings from continuing operations is based on an estimated annual effective tax rate that excludes the impact of significant unusual or infrequently occurring items, discontinued operations or extraordinary items. The effective tax rates for Alliant Energy, IPL and WPL differ from the federal statutory rate of 35% generally due to state income taxes, tax credits, effects of utility rate making, certain non-deductible expenses and the impacts of new tax legislation discussed below. The income tax rates shown in the following table for the three and six months ended June 30 were computed by dividing income tax expense (benefit) by income from continuing operations before income taxes.

	Three Months		Six Months	
	2009	2008	2009	2008
Alliant Energy	30.2%	16.0%	(4.0%)	28.4%
IPL	26.8%	(6.2%)	(46.5%)	22.9%
WPL	35.6%	35.4%	31.9%	36.3%

In February 2009, the Wisconsin Senate Bill 62 (SB 62) was enacted. The most significant provision of SB 62 for Alliant Energy, IPL and WPL requires combined reporting for corporate income taxation in Wisconsin beginning with tax returns filed for the calendar year ending Dec. 31, 2009. This provision will require all legal entities in which Alliant Energy owns a 50% or more interest to file as members of a unitary return in Wisconsin. As a result of this provision in SB 62 and in order to take advantage of efficiencies that may be available as a result of IPL and WPL sharing resources and facilities, WPL now plans to file as a member of Iowa consolidated tax returns beginning with calendar year 2009.

In accordance with SFAS 109, Accounting for Income Taxes, deferred income tax assets and liabilities are recognized based on the amounts of temporary differences between the book and tax bases of assets and liabilities multiplied by the anticipated federal and state apportioned income tax rates effective when these timing differences are expected to reverse in the future. Expected changes in state apportioned income tax rates resulting from Wisconsin combined reporting requirements and WPL's plans to be included in Iowa consolidated tax returns required Alliant Energy, IPL and WPL to adjust the carrying value of their deferred income tax assets and liabilities in the first quarter of 2009. These adjustments included reductions in the deferred tax assets for Wisconsin and Iowa capital loss carryforwards and associated valuation allowances of \$11 million in the first quarter of 2009. The provisions of SB 62 make it unlikely that Alliant Energy will be able to utilize the

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majority of its current Wisconsin net operating loss carryforwards before they expire. Therefore, the valuation allowance related to the Wisconsin net operating loss carryforwards was increased by \$6 million in the first quarter of 2009.

Alliant Energy, IPL and WPL recognized net income tax benefits in the first quarter of 2009 of \$40.4 million, \$32.7 million and \$2.4 million, respectively, related to the impacts of adjustments to the carrying value of deferred tax assets and liabilities caused by changes to state apportioned income tax rates for Wisconsin combined reporting requirements and WPL's plans to be included in Iowa consolidated tax returns and adjustments to valuation allowances of deferred tax assets discussed in the previous paragraph. These net income tax benefits recognized in the first quarter of 2009 reduced Alliant Energy's, IPL's and WPL's income tax rates for the first half of 2009 by 37.8%, 78.4% and 3.8%, respectively. Alliant Energy, IPL and WPL do not anticipate any material changes will be made to their unrecognized tax benefits during the 12 months ending June 30, 2010.

In the second quarter of 2008, Alliant Energy reached a settlement with the Internal Revenue Service (IRS) which finalized the audit of its U.S. federal income tax returns for calendar years 2002 through 2004. As a result of completing the audit and recording known adjustments for the tax returns for calendar years 2005 and 2006, Alliant Energy and IPL recorded decreases in their liabilities for unrecognized tax benefits and related interest, net of tax, and changes to their provision for income taxes, including the impacts of \$12.6 million and \$7.8 million, respectively, of income tax benefits allocated to continuing operations in the second quarter of 2008. These net income tax benefits recognized in the second quarter of 2008 reduced Alliant Energy's and IPL's income tax rates for the second quarter of 2008 by 18.7% and 40.4%, respectively, and reduced Alliant Energy's and IPL's income tax rates for the first half of 2008 by 7.0% and 12.1%, respectively.

In the first half of 2009, Alliant Energy's, IPL's and WPL's Other long-term liabilities and deferred credits - deferred income taxes increased \$95 million, \$58 million and \$40 million, respectively. These increases were primarily due to temporary differences between the book basis and tax basis of property generated by 2009 bonus tax depreciation deductions eligible under the ARRA.

(6) BENEFIT PLANS

(a) Pension and Other Postretirement Benefits Plans - The components of Alliant Energy's qualified and non-qualified pension benefits and other postretirement benefits costs for the three and six months ended June 30 were as follows (in millions):

	Pension Benefits				Other Postretirement Benefits			
	Three Months		Six Months		Three Months		Six Months	
	2009	2008	2009	2008	2009	2008	2009	2008
Service cost	\$3.1	\$4.0	\$6.2	\$8.1	\$2.1	\$2.1	\$4.3	\$4.2
Interest cost	13.6	13.6	27.2	27.3	3.8	3.8	7.6	7.6
Expected return on plan assets	(11.9)	(18.6)	(23.8)	(37.3)	(1.6)	(2.2)	(3.1)	(4.5)
Amortization of:								
Transition obligation	--	--	--	--	0.1	0.1	0.1	0.1
Prior service cost (credit)	0.5	0.8	1.0	1.5	(0.9)	(0.9)	(1.8)	(1.8)
Actuarial loss	7.9	1.1	15.9	2.1	1.6	0.8	3.1	1.7
Curtailment losses (a)(b)	1.0	--	1.0	--	--	--	--	--
Special termination benefits costs (b)	0.5	--	0.5	--	--	--	--	--
	\$14.7	\$0.9	\$28.0	\$1.7	\$5.1	\$3.7	\$10.2	\$7.3

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- (a) In 2007, members of the International Brotherhood of Electrical Workers Local 965 ratified a four-year collective bargaining agreement reached with WPL, resulting in changes to WPL's qualified pension plan (Plan). One of these changes provided Plan participants a one-time option to cease participating in the Plan and begin participating in the Alliant Energy 401(k) Savings Plan with increased levels of contribution by Alliant Energy. The election of this option did not impact a participant's eligibility for benefits previously vested under the Plan. In the second quarter of 2009, certain of these employees elected to cease participating in the Plan, resulting in Alliant Energy and WPL recognizing a one-time curtailment loss related to the Plan of \$0.7 million.
- (b) In the second quarter of 2009, Alliant Energy eliminated certain corporate and operations positions. As a result, Alliant Energy recognized one-time curtailment losses and special termination benefits costs related to its pension plans of \$0.3 million and \$0.5 million, respectively, in the second quarter of 2009.

Alliant Energy estimates that funding for the qualified pension, non-qualified pension and other postretirement benefits plans during 2009 will be \$50 million, \$5 million and \$21 million, respectively, of which \$4 million, \$2 million and \$9 million, respectively, have been contributed through June 30, 2009.

Refer to Note 12(c) for discussion of a class action lawsuit filed against the Alliant Energy Cash Balance Pension Plan in 2008.

(b) Equity Incentive Plans - A summary of share-based compensation expense related to grants under Alliant Energy's 2002 Equity Incentive Plan (EIP) and the related income tax benefits recognized for the three and six months ended June 30 was as follows (in millions):

	Alliant Energy		IPL		WPL	
	2009	2008	2009	2008	2009	2008
Three Months Ended June 30:						
Share-based compensation expense	\$0.5	\$0.1	\$0.3	\$0.1	\$0.2	\$--
Income tax benefits	0.2	--	0.1	--	0.1	--
Six Months Ended June 30:						
Share-based compensation expense	1.7	1.0	1.0	0.6	0.6	0.4
Income tax benefits	0.7	0.4	0.4	0.2	0.3	0.1

As of June 30, 2009, total unrecognized compensation cost related to all share-based compensation awards was \$10.4 million, which is expected to be recognized over a weighted average period of two years. Share-based compensation expense is recognized on a straight-line basis over the requisite service periods.

Performance Shares - Alliant Energy anticipates making future payouts of its performance shares in cash; therefore, performance shares were accounted for as liability awards at June 30, 2009 and Dec. 31, 2008. A summary of the performance shares activity for the six months ended June 30 was as follows:

	2009	2008
	Shares (a)	Shares (a)
Nonvested shares at Jan. 1	208,579	221,834
Granted	152,735	65,516
Vested	(84,633)	(78,532)

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Forfeited	(20,102)	--
Nonvested shares at June 30	256,579	208,818

(a) Share amounts represent the target number of performance shares. The actual number of shares that will be paid out upon vesting is dependent upon actual performance and may range from zero to 200% of the target number of shares.

Information related to nonvested performance shares and their fair values at June 30, 2009, by year of grant, was as follows:

	2009 Grant	2008 Grant	2007 Grant
Nonvested performance shares	138,148	61,331	57,100
Alliant Energy common stock closing price on June 30, 2009	\$26.13	\$26.13	\$26.13
Estimated payout percentage based on performance criteria	83%	66%	61%
Fair values of each nonvested performance share	\$21.69	\$17.25	\$15.94

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At June 30, 2009, fair values of nonvested performance shares were calculated using a Monte Carlo simulation to determine the anticipated total shareowner returns of Alliant Energy and its investor-owned utility peer group. Expected volatility was based on historical volatilities using daily stock prices over the past three years. Expected dividend yields were calculated based on the most recent quarterly dividend rates announced prior to the measurement date and stock prices at the measurement date. The risk-free interest rate was based on the three-year U.S. Treasury rate in effect as of the measurement date.

In the first quarter of 2009 and 2008, Alliant Energy's performance share payouts were valued at \$4.1 million and \$5.0 million, respectively, and consisted of a combination of cash and common stock (51,189 shares and 3,835 shares, respectively).

Restricted Stock - Restricted stock issued under the EIP consists of time-based and performance-contingent restricted stock.

Time-based restricted stock - A summary of the time-based restricted stock activity for the six months ended June 30 was as follows:

	2009		2008	
	Shares	Weighted Average Fair Value	Shares	Weighted Average Fair Value
Nonvested shares at Jan. 1	156,807	\$32.80	165,832	\$30.66
Granted	51,236	29.40	46,226	35.63
Vested	(58,525)	31.78	(38,850)	28.06
Forfeited	(3,235)	33.97	(1,625)	33.44
Nonvested shares at June 30	146,283	31.99	171,583	32.56

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The weighted average fair value of time-based restricted stock granted during the three months ended June 30, 2008 was \$35.89. There were no grants of time-based restricted stock during the three months ended June 30, 2009.

Performance-contingent restricted stock - A summary of the performance-contingent restricted stock activity for the six months ended June 30 was as follows:

	2009		2008	
	Shares	Weighted Average Fair Value	Shares	Weighted Average Fair Value
Nonvested shares at Jan. 1	124,185	\$39.28	135,348	\$32.42
Granted during first quarter	101,822	23.67	65,516	40.49
Vested	--	--	(54,991)	28.20
Forfeited	--	--	(21,688)	28.19
Nonvested shares at June 30	226,007	32.25	124,185	39.28

Non-qualified Stock Options - A summary of the stock option activity for the six months ended June 30 was as follows:

	2009		2008	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at Jan. 1	497,183	\$27.30	542,844	\$27.45
Exercised	(7,088)	16.82	(45,661)	29.02
Expired	(56,098)	29.88	--	--
Outstanding and exercisable at June 30	433,997	27.14	497,183	27.30

The weighted average remaining contractual term for options outstanding and exercisable at June 30, 2009 was two years. The aggregate intrinsic value of options outstanding and exercisable at June 30, 2009 was \$0.6 million.

Other information related to stock option activity for the three and six months ended June 30 was as follows (in millions):

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	Three Months		Six Months	
	2009	2008	2009	2008
Cash received from stock options exercised	\$0.1	\$0.6	\$0.1	\$1.3
Aggregate intrinsic value of stock options exercised	0.1	0.1	0.1	0.3
Income tax benefit from the exercise of stock options	--	--	--	0.1

(7) COMMON AND PREFERRED STOCK

(a) **Common Stock** - A summary of Alliant Energy's common stock activity during the first half of 2009 was as follows:

Shares outstanding at Jan. 1, 2009	110,449,099
Equity incentive plans (Note 6(b))	208,100
Other (a)	(23,880)
	<hr/>
Shares outstanding at June 30, 2009	110,633,319
	<hr/>

(a) Includes shares transferred from employees to Alliant Energy to satisfy tax withholding requirements in connection with the vesting of certain restricted stock under the EIP.

In July 2008, FERC issued an order allowing IPL to pay up to \$400 million in common equity distributions from additional paid-in capital, rather than retained earnings. IPL's repayments of capital to Alliant Energy were \$75 million in 2008 and \$52 million in the first half of 2009. As of June 30, 2009, IPL's remaining authority under this FERC order was \$273 million.

In the second quarter of 2009, IPL and WPL received capital contributions of \$50 million and \$100 million, respectively, from their parent, Alliant Energy.

(b) **Preferred Stock** - As of Dec. 31, 2008 and 2007, the carrying values of IPL's and WPL's cumulative preferred stock were \$183.8 million and \$60.0 million, respectively. These prior period amounts have been reclassified on a basis consistent with the current period financial presentation discussed below.

WPL - The articles of incorporation of WPL contain a provision that grants the holders of its preferred stock voting rights to elect a majority of WPL's Board of Directors if preferred dividends equal to the annual dividend requirements are in arrears. Exercise of such voting rights would provide the holders of WPL's preferred stock control of the decision on redemption of the preferred stock. In accordance with the provisions of EITF Issue D-98, Classification and Measurement of Redeemable Securities, these potential voting rights cause WPL's preferred stock to be presented outside of total equity in Alliant Energy's and WPL's Condensed Consolidated Balance Sheets in a manner consistent with temporary equity defined in EITF Issue D-98.

IPL - The articles of incorporation of IPL contain a provision that grants the holders of its preferred stock voting rights for the election of two members of IPL's Board of Directors if preferred dividends equal to the annual dividend requirements are in arrears. Such voting rights would not provide the holders of IPL's preferred stock control of the decision on redemption of the preferred stock. Therefore, IPL's preferred stock is presented in total equity in Alliant Energy's and IPL's Condensed Consolidated Balance Sheets in a manner consistent with non-controlling

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interests defined in SFAS 160.

(8) SHORT- AND LONG-TERM DEBT

As of June 30, 2009, Alliant Energy, IPL and WPL amended their respective credit facility agreements to release Lehman Brothers Bank (Lehman) from the agreements. Lehman's total commitment to the previous credit facilities was \$27 million, of which Alliant Energy (at the parent company level), IPL and WPL had \$4 million, \$13 million, and \$10 million, respectively. At June 30, 2009, the three amended credit facilities totaled \$623 million (\$96 million for Alliant Energy at the parent company level, \$287 million for IPL and \$240 million for WPL). At June 30, 2009, commercial paper issued under Alliant Energy's, IPL's and WPL's credit facilities was as follows (dollars in millions; Not Applicable (N/A)):

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	Alliant Energy (Consolidated)	Parent Company	IPL	WPL
Commercial paper:				
Amount outstanding	\$238	\$--	\$153	\$85
Weighted-average remaining maturity	9 days	N/A	13 days	1 day
Weighted-average interest rates	0.63%	N/A	0.74%	0.43%
Available credit facility capacity	\$385	\$96	\$134	\$155

In July 2009, IPL issued \$300 million of 6.25% senior debentures due 2039 and used the proceeds initially to repay short-term debt and invest in short-term assets and thereafter to redeem \$135 million of its senior debentures in August 2009. In July 2009, WPL issued \$250 million of 5.00% debentures due 2019 and used the proceeds initially to repay short-term debt and invest in short-term assets.

Refer to Note 12(c) for information on an alleged default under the Indenture for the Exchangeable Senior Notes due 2030 that could trigger a cross default provision under Alliant Energy's credit facility agreement.

(9) INVESTMENTS

(a) **Unconsolidated Equity Investments** - Equity (income) loss from Alliant Energy's unconsolidated investments accounted for under the equity method of accounting for the three and six months ended June 30 was as follows (in millions):

	Three Months		Six Months	
	2009	2008	2009	2008
American Transmission Company LLC (ATC)	(\$8.3)	(\$7.7)	(\$17.5)	(\$15.0)
Other	(0.3)	0.5	(0.3)	0.3
	(\$8.6)	(\$7.2)	(\$17.8)	(\$14.7)

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Summary financial information from the unaudited financial statements of ATC for the three and six months ended June 30 was as follows (in millions):

	Three Months		Six Months	
	2009	2008	2009	2008
Operating revenues	\$129.0	\$116.1	\$255.2	\$225.2
Operating income	72.4	62.8	141.7	121.0
Net income	52.7	45.7	103.6	88.1

(b) Other Investments - Information relating to various debt and equity securities held by Alliant Energy at June 30, 2009 and Dec. 31, 2008 that are marked-to-market each reporting period as a result of SFAS 115, Accounting for Certain Investments in Debt and Equity Securities, was as follows (in millions):

	June 30, 2009		Dec. 31, 2008	
	Carrying/Fair Value	Unrealized Gains, Net of Tax	Carrying/Fair Value	Unrealized Gains, Net of Tax
Available-for-sale securities	\$3.4	\$0.2	\$3.8	\$0.2

(10) FAIR VALUE MEASUREMENTS

Fair Value of Financial Instruments - The carrying amounts of Alliant Energy's, IPL's and WPL's current assets and current liabilities approximate fair value because of the short maturity of such financial instruments. Carrying amounts and the related estimated fair values of other financial instruments at June 30, 2009 and Dec. 31, 2008 were as follows (in millions):

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	Alliant Energy		IPL		WPL	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
June 30, 2009						
Assets:						
Derivative assets (Note 11(a))	\$38.7	\$38.7	\$23.2	\$23.2	\$15.3	\$15.3
Available-for-sale securities (Note 9(b))	3.4	3.4	2.2	2.2	--	--
Capitalization and liabilities:						
Long-term debt (including current maturities) (Note 8)	1,884.7	2,205.2	995.4	1,044.6	783.0	887.9
Cumulative preferred stock of subsidiaries (Note 7(b))	243.8	245.8	183.8	197.1	60.0	48.7
Derivative liabilities (Note 11(a))	139.2	139.2	87.2	87.2	52.0	52.0
Dec. 31, 2008						
Assets:						
Derivative assets (Note 11(a))	28.4	28.4	8.7	8.7	19.6	19.6
Available-for-sale securities (Note 9(b))	3.8	3.8	2.3	2.3	--	--
Capitalization and liabilities:						
Long-term debt (including current maturities) (Note 8)	1,884.7	2,107.0	995.2	991.8	782.9	861.7

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Cumulative preferred stock of subsidiaries (Note 7(b))	243.8	242.1	183.8	192.3	60.0	49.8
Derivative liabilities (Note 11(a))	103.0	103.0	88.2	88.2	14.8	14.8

Valuation Techniques -

Derivative assets and liabilities - Derivative assets and liabilities include electricity swap contracts, natural gas swap contracts, financial transmission rights (FTRs) and embedded foreign currency derivatives. Substantially all of IPL's and WPL's electricity and natural gas swap contracts are non-exchange-based derivatives valued using indicative price quotations available through broker or dealer quotations or from on-line exchanges. IPL and WPL corroborate these indicative price quotations using quoted prices for similar assets or liabilities in active markets. The indicative price quotations reflect the average of the bid-ask mid-point prices and are obtained from sources believed to provide the most liquid market for the commodity. IPL's and WPL's electricity and natural gas swaps are predominately at liquid trading points. IPL's and WPL's FTRs are measured at fair value each reporting period using monthly or annual auction shadow prices from relevant auctions. The embedded foreign currency derivatives related to Euro-denominated payment terms included in the wind turbine supply contract with Vestas are measured at fair value each reporting period using an extrapolation of forward currency rates. Refer to Note 11(a) for additional details of Alliant Energy's derivative assets and liabilities.

Available for sale securities - The fair value of Resources' investment in Capstone Turbine Corporation's common stock and IPL's investments in various debt and equity securities are measured at fair value each reporting period using quoted market prices on listed exchanges. Refer to Note 9(b) for additional details of Alliant Energy's available for sale securities.

Long-term debt (including current maturities) - For long-term debt instruments that are actively traded, the fair value was based upon quoted market prices each year end. For long-term debt instruments that are not actively traded, the fair value was based on discounted cash flow methodology and utilizes assumptions of current market pricing curves. Refer to Note 8 for additional details of Alliant Energy's long-term debt.

Cumulative preferred stock of subsidiaries - The fair values of IPL's 8.375% and 7.10% cumulative preferred stock were based on their closing market prices quoted by the New York Stock Exchange each year end. The fair value of WPL's 4.50% cumulative preferred stock was based on the closing market prices quoted by the NYSE Amex LLC each year end. The fair value of WPL's remaining preferred stock was calculated based on the market yield of similar securities. Refer to Note 7(b) for additional details of Alliant Energy's cumulative preferred stock of subsidiaries.

Valuation Hierarchy - SFAS 157 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy and examples of each are as follows:

Level 1 - Pricing inputs are quoted prices available in active markets for identical assets or liabilities as of the reporting date. Level 1 assets primarily include Resources' investment in Capstone Turbine Corporation's common stock and IPL's investments in various debt and equity securities.

Level 2 - Pricing inputs are quoted prices for similar asset or liabilities in active markets or quoted prices for identical or similar assets or liabilities in markets that are not active as of the reporting date. Level 2 assets and liabilities include non-exchange traded derivatives such as electricity and natural gas swap contracts utilized by IPL and WPL.

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Level 3 - Pricing inputs are unobservable inputs for assets or liabilities for which little or no market data exist and require significant management judgment or estimation. Level 3 assets and liabilities include IPL's and WPL's financial transmission rights and embedded foreign currency derivatives.

The fair value hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable data (Level 3). In some cases, the inputs used to measure fair value might fall in different levels of the fair value hierarchy. The lowest level input that is significant to a fair value measurement in its entirety determines the applicable level in the fair value hierarchy. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

Recurring Fair Value Measurements - Alliant Energy's recurring fair value measurements subject to the disclosure requirements of SFAS 157 at June 30, 2009 and Dec. 31, 2008 were as follows (in millions):

	Fair Value Measurements	Level 1	Level 2 (a)	Level 3 (b)
<u>June 30, 2009</u>				
Assets:				
Derivative assets	\$38.7	\$0.2	\$12.2	\$26.3
Available-for-sale securities	3.4	3.4	--	--
Liabilities:				
Derivative liabilities	139.2	--	123.2	16.0
<u>Dec. 31, 2008</u>				
Assets:				
Derivative assets	28.4	0.1	2.6	25.7
Available-for-sale securities	3.8	3.8	--	--
Liabilities:				
Derivative liabilities	103.0	--	92.0	11.0
(a) Primarily electricity and natural gas swap contracts				
(b) Primarily embedded foreign currency derivatives, electricity swap contracts and FTRs				

Additional information for Alliant Energy's recurring fair value measurements using significant unobservable inputs (Level 3 inputs) for the three and six months ended June 30 is as follows (in millions):

	Derivative Assets and Liabilities, net	
<u>Three months ended June 30</u>	<u>2009</u>	<u>2008</u>
Beginning balance, April 1	\$2.6	\$10.7
Total gains or (losses) (realized/unrealized) included in changes in net assets (a)	(1.1)	18.4
Purchases, sales, issuances and settlements, net	8.8	(2.8)
Ending balance, June 30	\$10.3	\$26.3
The amount of total gains or (losses) for the period included in changes in net assets attributable to the change in unrealized gains or (losses) relating to assets and liabilities held at June 30 (a)	\$2.7	\$26.3

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Six months ended June 30

Beginning balance, Jan. 1	\$14.7	\$27.7
Total gains or (losses) (realized/unrealized) included in changes in net assets (a)	(7.2)	11.8
Purchases, sales, issuances and settlements, net	2.8	(13.2)
Ending balance, June 30	\$10.3	\$26.3

The amount of total gains or (losses) for the period included in changes in net assets attributable to the change in unrealized gains or (losses) relating to assets and liabilities held at June 30 (a)

(\$6.7)	\$26.3
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(a) Recorded in Regulatory assets and Regulatory liabilities on Alliant Energy's Condensed Consolidated Balance Sheets.

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Nonrecurring Fair Value Measurements - In the second quarter of 2009, Alliant Energy's fair value measurement subject to the disclosure requirements of SFAS 157 that was measured at fair value on a nonrecurring basis was as follows (in millions):

	Fair Value at June 30, 2009	Level 1	Level 2	Level 3	Total Losses
IPL's steam plant in service	\$6.3	\$--	\$--	\$6.3	(\$4.0)

In the second quarter of 2009, IPL announced its decision to discontinue providing steam service to customers in downtown Cedar Rapids in late 2009. As a result of this decision, IPL assessed the recoverability of its steam assets in downtown Cedar Rapids and determined the carrying amount of the assets exceeded the expected undiscounted future cash flows from the assets. The carrying value of the assets was reduced by \$4 million in the second quarter of 2009 to equal the estimated fair value of the assets at June 30, 2009 of \$6 million. The fair value of the assets was estimated using the expected cash flows from the assets for the remainder of 2009 and the anticipated salvage value of the assets. Alliant Energy and IPL recognized the \$4 million impairment charge in Utility other operation and maintenance expenses in their Condensed Consolidated Income Statements in the second quarter of 2009. Refer to Note 1(d) for further discussion of IPL's steam plant in service.

(11) DERIVATIVE INSTRUMENTS**(a) Accounting for Derivative Instruments -**

Purpose - Alliant Energy periodically uses derivative instruments for risk management purposes to mitigate exposures to fluctuations in interest rates, certain commodity prices, transmission congestion costs and currency exchange rates. Alliant Energy's, IPL's and WPL's current derivative instruments have not been designated as hedging instruments, as defined under SFAS 133, Accounting for Derivative Instruments and Hedging Relationships. IPL's and WPL's derivative instruments include electricity swap contracts to mitigate pricing volatility for the electricity purchased to supply to their customers, natural gas swap contracts to mitigate pricing volatility for the fuel used to supply to the natural gas-fired electric generating facilities they operate, FTRs acquired to manage transmission congestion costs, natural gas swap contracts to mitigate pricing volatility for natural gas supplied to their retail customers and embedded foreign currency derivatives related to Euro-denominated payment terms included in the wind turbine supply contract with Vestas. Resources' derivative instruments include oil contracts, which are used to mitigate pricing volatility for anticipated purchases of diesel fuel to fuel standby generators owned by its Non-regulated Generation business.

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Notional Amounts - As of June 30, 2009, Alliant Energy, IPL and WPL had notional amounts related to outstanding swap contracts, forward contracts, FTRs and foreign currency denominated payments that were accounted for as derivative instruments as follows (units in thousands; Megawatt-hours (MWhs); Dekatherms (Dths)):

	2009	2010	2011	2012	Total
Alliant Energy:					
Commodity:					
Electricity (MWhs)	960	3,394	1,294	--	5,648
FTRs (MWs)	12	10	--	--	22
Natural gas (Dths)	21,133	28,220	12,655	6,182	68,190
Oil (gallons)	252	378	--	--	630
Foreign exchange (Euro dollars)	--	44,420	14,806	--	59,226
IPL:					
Commodity:					
Electricity (MWhs)	416	1,683	118	--	2,217
FTRs (MWs)	6	5	--	--	11
Natural gas (Dths)	19,073	20,732	6,895	--	46,700
Foreign exchange (Euro dollars)	--	44,420	14,806	--	59,226
WPL:					
Commodity:					
Electricity (MWhs)	544	1,711	1,176	--	3,431
FTRs (MWs)	6	5	--	--	11
Natural gas (Dths)	2,060	7,488	5,760	6,182	21,490

The notional amounts in the above table were computed by aggregating the absolute value of net purchase and sale positions within commodities for each year.

Financial Statement Presentation - Alliant Energy records derivative instruments at fair value on the balance sheet as assets or liabilities. At June 30, 2009 and Dec. 31, 2008, the fair values of current derivative assets were included in Derivative assets, non-current derivative assets were included in Deferred charges and other, current derivative liabilities were included in Derivative liabilities and non-current derivative liabilities were included in Other long-term liabilities and deferred credits on the Condensed Consolidated Balance Sheets as follows (in millions):

	Alliant Energy		IPL		WPL	
	June 30, 2009	Dec. 31, 2008	June 30, 2009	Dec. 31, 2008	June 30, 2009	Dec. 31, 2008
Current derivative assets:						
Commodity contracts	\$23.7	\$18.1	\$13.2	\$7.4	\$10.4	\$10.7
Foreign exchange contracts	--	--	--	--	--	--
	\$23.7	\$18.1	\$13.2	\$7.4	\$10.4	\$10.7
Non-current derivative assets:						
Commodity contracts	\$7.5	\$2.4	\$2.5	\$1.3	\$4.9	\$1.0
Foreign exchange contracts	7.5	7.9	7.5	--	--	7.9

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	\$15.0	\$10.3	\$10.0	\$1.3	\$4.9	\$8.9
<u>Current derivative liabilities:</u>						
Commodity contracts	\$101.9	\$76.7	\$69.5	\$68.9	\$32.4	\$7.8
Foreign exchange contracts	1.8	1.9	0.3	1.1	1.5	0.8
	\$103.7	\$78.6	\$69.8	\$70.0	\$33.9	\$8.6
<u>Non-current derivative liabilities:</u>						
Commodity contracts	\$35.0	\$22.8	\$17.4	\$18.2	\$17.6	\$4.6
Foreign exchange contracts	0.5	1.6	--	--	0.5	1.6
	\$35.5	\$24.4	\$17.4	\$18.2	\$18.1	\$6.2

IPL and WPL generally record gains and losses from their derivative instruments with offsets to regulatory assets or liabilities, based on their fuel and natural gas cost recovery mechanisms, as well as other specific regulatory authorizations. Gains and losses from derivative instruments not designated as hedging instruments for the three and six months ended June 30, 2009 were recorded as follows (in millions):

	Location of Gain (Loss) in Balance	Gain (Loss)		
	Sheet or Statement of Income	Alliant Energy	IPL	WPL
<u>Three months ended June 30, 2009</u>				
Commodity contracts	Regulatory assets (a)	(\$14.1)	\$3.0	(\$17.1)
	Regulatory liabilities (a)	9.4	3.9	5.5
	Non-regulated operation and maintenance (b)	0.2	--	--
Foreign exchange contracts	Regulatory liabilities (a)	(3.7)	--	(3.7)
<u>Six months ended June 30, 2009</u>				
Commodity contracts	Regulatory assets (a)	(93.8)	(51.3)	(42.5)
	Regulatory liabilities (a)	11.6	5.4	6.2
	Non-regulated operation and maintenance (b)	0.2	--	--
Foreign exchange contracts	Regulatory liabilities (a)	(0.4)	--	(0.4)
(a) Balance Sheet				
(b) Statement of Income				

Losses from commodity contracts during the first half of 2009 were primarily due to impacts of significant decreases in electricity and natural gas prices.

Credit Risk-related Contingent Features - Alliant Energy, IPL and WPL have entered into various agreements that contain credit risk-related contingent features including requirements for them to maintain certain credit ratings from each of the major credit rating agencies and limitations on their liability positions under the various agreements. In the event of a downgrade in their credit ratings or if their liability positions exceed certain contractual limits, Alliant Energy, IPL or WPL may need to provide credit support in the form of letters of credit or cash collateral up to the amount of their exposure under the contracts, or may need to unwind the contracts and pay the underlying liability positions.

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Certain of these agreements with credit risk-related contingency features are accounted for as derivative instruments. The aggregate fair value of all derivatives with credit risk-related contingent features that were in a net liability position on June 30, 2009 was \$139.2 million, \$87.2 million and \$52.0 million for Alliant Energy, IPL and WPL, respectively. At June 30, 2009, Alliant Energy, IPL and WPL all had investment-grade credit ratings. However, they exceeded their liability positions with certain counterparties requiring them to post cash collateral. This cash collateral has been allocated between the agreements accounted for as derivatives and those that are not accounted for as derivatives based on the percentage of the fair value of each on June 30, 2009. If the most restrictive credit risk-related contingent features for derivative agreements in a net liability position were triggered on June 30, 2009, Alliant Energy, IPL and WPL would be required to post an additional \$135.4 million, \$86.9 million and \$48.5 million, respectively, of credit support to their counterparties. Refer to Note 4(c) for additional details of total cash collateral posted by Alliant Energy, IPL and WPL at June 30, 2009.

(b) Weather Derivatives - Alliant Energy periodically uses non-exchange traded swap agreements based on cooling degree days (CDD) and heating degree days (HDD) measured in or near its utility service territories to reduce the impact of weather volatility on its electric and natural gas sales volumes. These weather derivatives are accounted for using the intrinsic value method. Any premiums paid related to these weather derivative agreements are expensed over each respective contract period. Alliant Energy's ratepayers do not pay any of the premiums nor do they share in the gains or losses realized from these weather derivatives.

Alliant Energy periodically utilizes weather derivatives based on CDD to reduce the potential volatility on its electric margins during the summer months of June through August. However, Alliant Energy did not enter into a CDD swap agreement for the June 1, 2009 to Aug. 31, 2009 time period.

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In 2008, IPL and WPL each entered into separate non-exchange traded swap agreements based on HDD measured in Cedar Rapids, Iowa and Madison, Wisconsin, respectively, to reduce the impact of weather volatility on IPL's and WPL's margins for Nov. 1, 2008 to March 31, 2009. The actual HDD for Nov. 1, 2008 to Dec. 31, 2008 were higher than those specified in the contracts, resulting in Alliant Energy paying the counterparty \$3.6 million (IPL paying \$2.2 million and WPL paying \$1.4 million) in January 2009. In addition, the actual HDD for Jan. 1, 2009 to March 31, 2009 were higher than those specified in the contracts, resulting in Alliant Energy paying the counterparty \$5.2 million (IPL paying \$3.2 million and WPL paying \$2.0 million) in April 2009.

The counterparties to certain of these contracts were required to provide cash collateral to IPL and WPL. As of Dec. 31, 2008, the outstanding cash collateral received by IPL and WPL of \$5.4 million and \$1.4 million, respectively, was recorded in Accounts payable on the respective Condensed Consolidated Balance Sheets. All remaining cash collateral related to weather derivatives was returned to the counterparty in the first half of 2009.

A summary of the gains (losses) resulting from changes in the value of weather derivatives for the three and six months ended June 30 was as follows (in millions):

	Electric Utility Operating Revenues				Gas Utility Operating Revenues			
	Three Months		Six Months		Three Months		Six Months	
	2009	2008	2009	2008	2009	2008	2009	2008
IPL	\$--	\$2.4	(\$1.8)	\$0.7	\$--	\$--	(\$1.4)	(\$1.5)

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WPL	--	0.9	(0.8)	--	--	--	(1.2)	(1.3)
Alliant Energy	\$--	\$3.3	(\$2.6)	\$0.7	\$--	\$--	(\$2.6)	(\$2.8)

(12) COMMITMENTS AND CONTINGENCIES

(a) **Capital Purchase Obligations** - Alliant Energy, IPL and WPL have entered into capital purchase obligations that contain minimum future commitments. At June 30, 2009, Alliant Energy's, IPL's and WPL's minimum future commitments related to certain capital expenditures for their wind projects were as follows (in millions):

	Alliant Energy	IPL	WPL
Wind projects (a)	\$498	\$223	\$275

(a) Primarily related to capital purchase obligations under a master supply agreement executed in 2008 with Vestas for the purchase of 500 MW of wind turbine generator sets and related equipment to support IPL's and WPL's wind generation plans. A portion of the future payments are denominated in Euros and therefore are subject to change with fluctuations in currency exchange rates. In addition, the master supply agreement includes pricing terms that are subject to change if steel prices change by more than 10% between measurement dates defined in the master supply agreement. The amounts included in the above table reflect currency exchange rates and steel prices at June 30, 2009.

(b) **Operating Expense Purchase Obligations** - Alliant Energy, IPL and WPL have entered into various commodity supply, transportation and storage contracts to meet their obligations to deliver energy to their utility customers. Alliant Energy, IPL and WPL also enter into other operating expense purchase obligations with various vendors for other goods and services. At June 30, 2009, Alliant Energy's, IPL's and WPL's minimum future commitments related to these operating expense purchase obligations were as follows (in millions):

	Alliant Energy	IPL	WPL
Purchased power (a):			
DAEC (IPL)	\$843	\$843	\$--
Kewaunee Nuclear Power Plant (Kewaunee) (WPL)	338	--	338
Other	204	51	153
	1,385	894	491
Coal (b)	430	114	42
Natural gas	398	156	242
Emission allowances (c)	45	45	--
Other (d)	39	9	7
	\$2,297	\$1,218	\$782

- (a) Includes payments required by purchased power agreements (PPAs) for capacity rights and minimum quantities of MWhs required to be purchased. Excludes contracts that are considered operating leases.
- (b) Corporate Services has entered into system-wide coal purchase contracts on behalf of IPL and WPL that include minimum future commitments of \$274 million that have not been directly assigned to IPL and WPL since the specific needs of each utility were not yet

known as of June 30, 2009.

- (c) IPL has entered into forward contracts to purchase sulfur dioxide (SO₂) emission allowances with vintage years of 2014 through 2017 and nitrogen oxide (NO_x) emission allowances with vintage years of 2009 through 2011 from various counterparties for \$34 million and \$11 million, respectively. IPL may utilize any SO₂ emission allowances acquired under these forward contracts to meet requirements under the Acid Rain Program regulations or the more stringent Clean Air Interstate Rule (CAIR) emission reduction standards. IPL entered into the forward contracts to purchase NO_x emission allowances solely for the purpose of compliance with the CAIR emission reduction standards. IPL is currently monitoring the status of the forward contracts to purchase SO₂ and NO_x emission allowances in light of various court rulings in 2008 and anticipated U.S. Environmental Protection Agency (EPA) proceedings regarding changes to CAIR. Alliant Energy and IPL do not currently believe any losses from these forward contracts are probable and therefore have not recognized any loss contingency amounts related to the forward contracts as of June 30, 2009. Alliant Energy and IPL are currently unable to predict the ultimate impact these forward contracts will have on their financial condition and results of operations.
- (d) Includes individual commitments incurred during the normal course of business that exceeded \$1 million at June 30, 2009.

(c) Legal Proceedings -

Exchangeable Senior Notes Indenture - Alliant Energy and Resources received a notice of default, dated Sep. 4, 2008 (Notice of Default), from U.S. Bank National Association as successor indenture trustee (Trustee) pursuant to which the Trustee asserted that Resources was in default under the Indenture with respect to the Exchangeable Senior Notes due 2030 (Notes), which were issued by Resources and were guaranteed by Alliant Energy. The alleged default relates to a provision of the Indenture that provides that if Resources transfers all or substantially all of its properties and assets to a third party, then the transferee must be organized and existing under the laws of the U.S. or a state thereof and assume Resources' obligations under the Notes and the Indenture. The Trustee alleges in the Notice of Default that Resources transferred substantially all of its assets without complying with the Indenture and, as a result, a default has occurred under the Indenture. On Sep. 4, 2008, the Trustee also filed a complaint with the U.S. District Court for the District of Minnesota seeking a declaratory judgment that Resources is in breach of the Indenture. On Jan. 20, 2009, the U.S. District Court for the District of Minnesota filed an order that the case be transferred to the U.S. District Court for the Western District of Wisconsin (Court) in response to a motion by Alliant Energy and Resources.

In October 2008, Alliant Energy and Resources requested the Trustee to execute a Fifth Supplemental Indenture to the Indenture pursuant to which Alliant Energy would assume the obligations of Resources under the Indenture and the Notes and Resources would be released from its obligations under the Indenture and the Notes. On Nov. 18, 2008, the Trustee amended the complaint to seek a declaratory judgment that it is not required to execute the Fifth Supplemental Indenture. On Nov. 25, 2008, Alliant Energy and Resources executed and delivered to the Trustee the Fifth Supplemental Indenture, which the Trustee has refused to execute.

Alliant Energy and Resources do not believe that Resources has transferred substantially all of its assets or that a default has occurred under the Indenture. In addition, Alliant Energy and Resources believe that, under the terms of the Indenture, the Trustee is required to execute the Fifth Supplemental Indenture, the Fifth Supplemental Indenture became effective on Nov. 25, 2008 without the Trustee's signature and, even if a default had occurred under the Indenture, such default would not have continued after the Fifth Supplemental Indenture was executed on Nov. 25, 2008. On Feb. 3, 2009, Alliant Energy and Resources served an answer to the amended complaint on the Trustee denying the claims in the complaint and asserting counterclaims for, among other things, a declaration that Resources has not breached the Indenture and an injunction compelling the Trustee to execute the Fifth Supplemental Indenture. Trial is scheduled for February 2010. Alliant Energy and Resources intend to vigorously defend against this litigation. Alliant Energy does not currently believe any losses from the alleged default are probable and therefore has not recognized any related loss contingency amounts as of June 30, 2009.

If Alliant Energy's and Resources' interpretation of the Indenture is determined by the Court to be incorrect, a default may have occurred under the Indenture. If such default is continuing 90 days after the date the Notice of Default was received by Resources, an Event of Default will have occurred under the Indenture. The occurrence of an Event of Default under the Indenture would permit the Trustee or holders of at least 25% in aggregate principal amount of outstanding Notes to declare the principal amount of all outstanding Notes, plus accrued interest, to be immediately due and payable by Alliant Energy. The Trustee sent a notice (Acceleration Notice) dated April 22, 2009 to Alliant Energy and Resources that the holders of a majority of the principal amount of the Notes have determined that an Event of Default had occurred under the Indenture and declaring the full principal amount of the Notes due and payable. The aggregate principal amount of Notes outstanding under the Indenture is \$402.5 million. Alliant Energy and Resources do not believe an Event of Default has occurred and do not intend to make any accelerated payments with respect to the Notes unless ordered to do so by the Court. If the Court determined Alliant Energy's and Resources'

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interpretation of the Indenture to be incorrect, then Alliant Energy would be required to pay the aggregate principal amount of the Notes plus accrued interest and record a pre-tax loss of \$364.2 million based on the amount of unamortized debt discount and unamortized debt expense on Alliant Energy's Condensed Consolidated Balance Sheet at June 30, 2009. In addition, an Event of Default under the Indenture would also trigger cross default provisions in Alliant Energy's credit facility agreement and IPL's sales of accounts receivable program agreement that could result in the termination of such agreements. Alliant Energy and IPL have obtained waivers from the necessary parties to prevent an Event of Default from occurring through Dec. 31, 2009 under both the credit facility agreement and sales of accounts receivable program agreement. An Event of Default under the Indenture would not trigger a cross default for either of IPL's or WPL's credit facility agreements. Refer to Notes 4(a) and 8 for the amounts outstanding under IPL's sales of accounts receivable program and Alliant Energy's credit facility agreement, respectively, at June 30, 2009.

On Feb. 27, 2009, a purported shareowner filed in Dane County Circuit Court, Wisconsin, a derivative complaint against certain current and former officers and directors of Alliant Energy alleging that such officers and directors breached their fiduciary duties by approving sales of assets of Resources in violation of the Indenture and wasting Alliant Energy's assets by compensating such officers and directors in connection with such sales. Alliant Energy believes the derivative complaint is without merit and intends to vigorously defend against this litigation. As previously reported, the purported shareowner made a demand asking the Board of Directors to take action to remedy the alleged breaches of fiduciary duties by certain officers and directors. Under Wisconsin law, if a shareowner commences a derivative proceeding after making such a demand, the court must dismiss such a derivative proceeding if a committee of independent directors appointed by independent directors determines, acting in good faith after conducting a reasonable inquiry upon which its conclusions are based, that maintenance of the derivative proceeding is not in the best interests of the corporation. As previously reported, the independent directors of Alliant Energy have appointed such a committee of independent directors to conduct an inquiry into the allegations made in the demand from the purported shareowner and to make a determination with respect thereto. On July 30, 2009, the court granted a stay of the lawsuit until Sept. 15, 2009. Alliant Energy does not currently believe any losses from the purported shareowner action are probable and therefore has not recognized any related loss contingency amounts as of June 30, 2009.

Alliant Energy Cash Balance Pension Plan (Plan) - In February 2008, a class action lawsuit was filed against the Plan. The complaint alleges that Plan participants who received a lump sum distribution prior to their normal retirement age did not receive the full benefit to which they were entitled in violation of the Employee Retirement Income Security Act of 1974 because the Plan applied an improper interest crediting rate to project the cash balance account to their normal retirement age. The court has certified two subclasses of plaintiffs that in aggregate include all persons vested or partially vested in the Plan who received a lump sum distribution of the cash balance formula benefit from Jan. 1, 1998 through Aug. 17, 2006 including: 1) persons who received a lump sum distribution from Jan. 1, 1998 through Feb. 28, 2002; and 2) persons who received a lump sum distribution from Feb. 29, 2002 through Aug. 17, 2006. Alliant Energy is contesting the case and the parties are proceeding with discovery. Trial is scheduled for April 2010. In addition, the projection rate is being considered by the IRS as part of its review of Alliant Energy's request for a favorable determination letter with respect to the tax-qualified status of the Plan. Alliant Energy is currently working with the IRS to resolve the determination letter issue. Alliant Energy is currently unable to predict the final outcome of these matters or their impact on its financial condition or results of operations but believes an adverse outcome could have a material effect on retirement plan funding and expense for Alliant Energy, IPL and WPL. Alliant Energy does not currently believe any losses from these matters are probable nor can any losses from these matters be reasonably estimated and therefore has not recognized any related loss contingency amounts as of June 30, 2009.

(d) Guarantees and Indemnifications - Alliant Energy provided indemnifications associated with various sales of its non-regulated and utility businesses/assets for losses resulting from potential breach of the representations and warranties made by Alliant Energy on the sale dates and for the breach of its obligations under the sale agreements. Alliant Energy believes the likelihood of having to make any material cash payments under these indemnifications is remote. Alliant Energy recorded liabilities of \$1 million related to these indemnifications as of June 30, 2009. The terms of the indemnifications provided by Alliant Energy at June 30, 2009 for the various sales were generally as follows (in millions):

Businesses/Assets Sold	Disposal Date	Maximum Limit	Expiration Date
Brazil	First quarter of 2006	\$10	January 2011

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New Zealand	Fourth quarter of 2006	135 (a)	March 2012
Mexico	Second quarter of 2007	20	June 2012

(a) Based on exchange rates at June 30, 2009

Alliant Energy also continues to guarantee the abandonment obligations of Whiting Petroleum Corporation under the Point Arguello partnership agreements. The guarantee does not include a maximum limit. As of June 30, 2009, the present value of the abandonment obligations is estimated at \$16 million. Alliant Energy believes that no payments will be made under this guarantee.

(e) Environmental Matters -

Manufactured gas plant (MGP) Sites - IPL and WPL have current or previous ownership interests in 40 and 14 sites, respectively, previously associated with the production of gas for which they may be liable for investigation, remediation and monitoring costs relating to the sites. IPL and WPL have received letters from state environmental agencies requiring no further action at nine and eight sites, respectively. Additionally, IPL has met state environmental agency expectations at three additional sites requiring no further action for soil remediation. IPL and WPL are working pursuant to the requirements of various federal and state agencies to investigate, mitigate, prevent and remediate, where necessary, the environmental impacts to property, including natural resources, at and around the sites in order to protect public health and the environment.

IPL and WPL record environmental liabilities related to these MGP sites based upon periodic studies, most recently updated in the third quarter of 2008. There are inherent uncertainties associated with the estimated remaining costs for MGP projects primarily due to unknown site conditions and potential changes in regulatory agency requirements. Management currently estimates the range of remaining costs to be incurred for the investigation, remediation and monitoring of Alliant Energy's sites to be \$22 million (\$17 million for IPL and \$5 million for WPL) to \$44 million (\$37 million for IPL and \$7 million for WPL). At June 30, 2009, Alliant Energy, IPL and WPL had recorded \$32 million, \$26 million and \$6 million, respectively, in current and non-current environmental liabilities for their remaining costs to be incurred for these MGP sites.

Other Environmental Contingencies - In addition to the environmental liabilities discussed above, Alliant Energy, IPL and WPL also monitor various environmental regulations that may have a significant impact on their future operations. Given uncertainties regarding the outcome, timing and compliance plans for these environmental regulations, Alliant Energy, IPL and WPL are currently not able to determine the complete financial impact of these regulations but do believe that future capital investments and/or modifications to their electric generating facilities to comply with these regulations could be significant. Specific current, proposed or potential environmental regulations that may require significant future expenditures by Alliant Energy, IPL and WPL include, among others: CAIR, Clean Air Visibility Rule, Clean Air Mercury Rule, Utility Maximum Available Control Technology (MACT) Rule, Wisconsin Reasonably Available Control Technology Rule, Wisconsin State Mercury Rule, Ozone National Ambient Air Quality Standards (NAAQS) Rule, Nitrogen Dioxide (NO₂) NAAQS Rule, Fine Particle NAAQS Rule, Industrial Boiler and Process Heater Case-by-Case MACT Rule, Section 316(b) of the Clean Water Act, the Wisconsin State Thermal Rule, Coal Combustion By-products Rule and various legislation being considered to regulate the emission of GHG.

(f) MISO RSG Settlements - In November 2008, FERC issued two written orders, requiring MISO to resettle two separate amounts of historical RSG charges from its wholesale energy market. These settlements involve MISO collecting RSG charges from some market participants and refunding the collected amounts to other market participants. Based upon initial estimates, both IPL and WPL anticipated they would be net recipients of RSG charge revenues from the two settlements upon their completion in the first quarter of 2010. During the first half of 2009, IPL and WPL received \$3 million and \$2 million, respectively, of net benefits from the two settlements.

In May 2009, FERC issued an order reversing portions of its November 2008 orders and directed MISO to cease one of the ongoing settlements and to reconcile the amounts paid and the amounts collected therein so that each MISO participant is returned to the financial position it was in before the settlement began. At June 30, 2009, Alliant Energy, IPL and WPL had \$2 million, \$1 million and \$1 million, respectively, of obligations recorded in Other current liabilities on their Condensed Consolidated Balance Sheets for settlement benefits they received to date that are expected to be returned to MISO based on the FERC order issued in May 2009. In June 2009, FERC issued another order reversing

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additional portions of its November 2008 orders that had the effect of substantially reducing the amount of anticipated RSG settlements compared to initial estimates. The FERC orders have been appealed to the U.S. Court of Appeals for the D.C. Circuit.

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In April 2009, the PSCW issued an order requiring WPL to refund \$3 million to its retail customers in the second quarter of 2009 for a portion of the total net benefit originally anticipated from the RSG settlements. As a result of the FERC orders issued in the second quarter of 2009, WPL requested that the PSCW either allow a rehearing to revise the ordering points or grant permission to defer until a future rate case any amounts refunded to retail customers that are not recovered from MISO. In June 2009, the PSCW approved WPL's request to defer the difference between the RSG refunds made to its retail customers in the second quarter of 2009 and any RSG settlements WPL ultimately retains from MISO. At June 30, 2009, Alliant Energy and WPL had a \$2 million regulatory asset recorded on their Condensed Consolidated Balance Sheets for RSG refunds WPL made to its retail customers in the second quarter of 2009 that are currently not expected to be received from MISO.

IPL and WPL still expect to be net recipients of RSG revenues from the settlements when completed but are currently unable to determine the amount of RSG revenues they will ultimately retain. IPL expects any net benefit ultimately retained from the RSG settlements will be refunded to its customers through IPL's retail and wholesale fuel-related cost recovery mechanisms. WPL expects the wholesale portion of any net benefit ultimately retained from the RSG settlements will be refunded to wholesale customers through WPL's wholesale fuel-related cost recovery mechanism.

(g) DAEC Spent Nuclear Fuel Litigation Settlement - In 2004, IPL, on behalf of itself and the other DAEC co-owners, filed a claim against the U.S. Department of Energy (DOE) for recovery of damages due to the DOE's delay in accepting spent nuclear fuel produced at DAEC. In 2006, IPL entered into an asset sale agreement (ASA) with FPL Energy Duane Arnold, LLC (FPL Energy), a subsidiary of FPL Group, Inc., to sell its 70% interest in DAEC. Under the terms of the ASA, FPL Energy assumed the obligations and rights to pursue and recover damages resulting from the DOE claim filed by IPL in 2004. The terms of the ASA also included a provision that granted IPL the right to a portion of any recovery of damages resulting from the DOE claim. In March 2009, FPL Energy entered into a settlement agreement with the DOE regarding this claim. Based on the terms of the ASA, the settlement agreement between FPL Energy and the DOE, and an agreement between FPL Energy and IPL, FPL Energy paid IPL \$16.6 million in the second quarter of 2009. Pursuant to an arrangement between IPL and its former DAEC joint partners, IPL paid \$5.0 million to its former DAEC joint partners in the second quarter of 2009 for their 30% interest of the proceeds received from FPL Energy. Alliant Energy and IPL expect the remaining proceeds will be used for the benefit of IPL's customers and therefore recognized a regulatory liability of \$11.6 million on their Condensed Consolidated Balance Sheets at June 30, 2009.

(13) SEGMENTS OF BUSINESS

Certain financial information relating to Alliant Energy's business segments is as follows. Intersegment revenues were not material to Alliant Energy's operations. Refer to Note 1(d) for details on WPL's acquisition of NEF and related assets from Resources on June 1, 2009.

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	Utility Business			Non-regulated Businesses			Alliant Energy	
	Electric	Gas	Other	Total	RMT	Other	Total	Other Consolidated
Three Months Ended June 30, 2009								
Operating revenues	\$567.8	\$58.1	\$18.3	\$644.2	\$86.6	\$12.9	\$99.5	(\$1.4) \$742.3
Operating income (loss)	61.0	--	(1.6)	59.4	--	4.5	4.5	(1.1) 62.8
Net income (loss) attributable to								

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Alliant Energy common shareowners				26.3	0.2	4.5	4.7	(1.9)	29.1
<u>Three Months Ended June 30, 2008</u>									
Operating revenues	576.7	121.1	15.6	713.4	98.2	17.4	115.6	(1.6)	827.4
Operating income (loss)	65.4	4.4	(1.2)	68.6	4.7	7.2	11.9	1.5	82.0
Amounts attributable to Alliant Energy common shareowners:									
Income from continuing operations, net of tax				36.2	3.2	9.4	12.6	3.0	51.8
Income from discontinued operations, net of tax				--	--	9.0	9.0	--	9.0
Net income attributable to Alliant Energy common shareowners				36.2	3.2	18.4	21.6	3.0	60.8
<u>Six Months Ended June 30, 2009</u>									
Operating revenues	1,175.9	322.7	49.3	1,547.9	122.5	24.7	147.2	(2.9)	1,692.2
Operating income (loss)	106.2	29.4	0.1	135.7	(5.3)	6.5	1.2	(0.4)	136.5
Net income (loss) attributable to Alliant Energy common shareowners				94.6	(2.2)	2.4	0.2	6.9	101.7
<u>Six Months Ended June 30, 2008</u>									
Operating revenues	1,144.4	429.6	33.5	1,607.5	180.7	33.9	214.6	(2.7)	1,819.4
Operating income	132.2	46.7	2.0	180.9	10.1	14.0	24.1	2.1	207.1
Amounts attributable to Alliant Energy common shareowners:									
Income from continuing operations, net of tax				91.8	6.5	14.5	21.0	7.1	119.9
Income from discontinued operations, net of tax				--	--	9.0	9.0	--	9.0
Net income attributable to Alliant Energy common shareowners				91.8	6.5	23.5	30.0	7.1	128.9

(14) OTHER INTANGIBLE ASSETS

Emission Allowances - Purchased emission allowances and related accumulated amortization were recorded as intangible assets in Other assets - deferred charges and other on the Condensed Consolidated Balance Sheets as follows (in millions):

	Alliant Energy		IPL		WPL	
	June 30, 2009	Dec. 31, 2008	June 30, 2009	Dec. 31, 2008	June 30, 2009	Dec. 31, 2008
Purchased emission allowances	\$65.1	\$65.1	\$57.9	\$57.9	\$7.2	\$7.2
Accumulated amortization	8.3	0.8	6.2	0.8	2.1	--

Amortization expense for emission allowances for the three and six months ended June 30 was recorded in Electric production fuel and purchased power in the Condensed Consolidated Statements of Income as follows (in millions):

	Three Months		Six Months	
	2009	2008	2009	2008
IPL	\$2.2	\$--	\$5.4	\$--
WPL	1.0	--	2.1	--
Alliant Energy	\$3.2	\$--	\$7.5	\$--

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At June 30, 2009, estimated amortization expense for calendar years 2009 through 2013 for purchased emission allowances was as follows (in millions):

	2009	2010	2011	2012	2013
IPL	\$11.5	\$11.5	\$13.4	\$9.3	\$8.1
WPL	4.1	3.1	--	--	--
Alliant Energy	\$15.6	\$14.6	\$13.4	\$9.3	\$8.1

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(15) DISCONTINUED OPERATIONS

A summary of the components of discontinued operations in Alliant Energy's Condensed Consolidated Statements of Income for the three and six months ended June 30, 2008 was follows (in millions):

	Three Months	Six Months
Operating expenses	\$0.2	\$0.2
Income tax benefit (a)	(9.2)	(9.2)
Income from discontinued operations, net of tax	\$9.0	\$9.0

- (a) In the second quarter of 2008, Alliant Energy reached a settlement with the IRS related to the audit of its U.S. federal income tax returns for calendar years 2002 through 2004. As a result of completing the audit and recording known adjustments for the tax returns for calendar years 2005 and 2006, Alliant Energy recorded decreases in its liabilities for unrecognized tax benefits and related interest, net of tax, and changes to its provision for income taxes including the impact of \$9 million of income tax benefits allocated to its discontinued operations in the second quarter of 2008 largely related to its former Australia and China businesses.

(16) ASSET RETIREMENT OBLIGATIONS (AROs)

A reconciliation of the changes in AROs associated with long-lived assets is as follows (in millions):

	Alliant Energy		IPL		WPL	
	2009	2008	2009	2008	2009	2008
Balance at Jan. 1	\$48.4	\$42.8	\$30.5	\$30.9	\$17.9	\$11.9
Liabilities incurred (a)	3.8	3.1	3.8	--	--	3.1
Accretion expense	1.5	1.2	0.8	0.9	0.7	0.3
Revisions in estimated cash flows (b)	--	5.7	--	5.7	--	--
Liabilities settled (c)	(1.4)	(0.5)	(1.3)	(0.5)	(0.1)	--

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Balance at June 30	\$52.3	\$52.3	\$33.8	\$37.0	\$18.5	\$15.3
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- (a) In the first half of 2009, IPL recorded an ARO of \$3.8 million related to its Whispering Willow - East wind project. In the first half of 2008, WPL recorded an ARO of \$3.1 million related to its Cedar Ridge wind project.
- (b) In the first half of 2008, IPL recorded revisions in estimated cash flows of \$5.7 million due to the acceleration of anticipated asbestos remediation at its Sixth Street and Prairie Creek Generating Stations as a result of the impacts of the severe Midwest flooding at these generating stations in June 2008.
- (c) In the first half of 2009, IPL recorded liabilities settled of \$1.2 million due to expenditures for asbestos and lead remediation at its Sixth Street and Prairie Creek Generating Stations required as a result of the impacts of the severe Midwest flooding at these generating stations in June 2008.

(17) VARIABLE INTEREST ENTITIES

After making an ongoing exhaustive effort, Alliant Energy and WPL concluded they were unable to obtain the information necessary from the counterparty (subsidiary of Calpine Corporation) for the Riverside PPA to determine whether the counterparty is a variable interest entity per FIN 46R and if WPL is the primary beneficiary. This PPA is currently accounted for as an operating lease. The counterparty for the Riverside PPA sells a portion of their generating capacity to WPL and can sell their energy output to WPL. Alliant Energy's maximum exposure to loss from the Riverside PPA is undeterminable due to the inability to obtain the necessary information to complete such evaluation. Alliant Energy's (primarily WPL's) costs, excluding fuel costs, related to the Riverside PPA were \$20.3 million and \$28.2 million for the three and six months ended June 30, 2009 and \$19.6 million and \$28.2 million for the three and six months ended June 30, 2008, respectively.

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(18) RELATED PARTIES

ATC - Pursuant to various agreements, WPL receives a range of transmission services from ATC. WPL provides operation, maintenance, and construction services to ATC. WPL and ATC also bill each other for use of shared facilities owned by each party. A summary of the related amounts billed between the parties for the three and six months ended June 30 is as follows (in millions):

	Three Months		Six Months	
	2009	2008	2009	2008
ATC billings to WPL	\$20.7	\$20.2	\$42.2	\$40.9
WPL billings to ATC	2.6	2.7	4.8	4.9

As of June 30, 2009 and Dec. 31, 2008, WPL owed ATC net amounts of \$5.8 million and \$5.9 million, respectively.

Construction Services for IPL's Whispering Willow - East Wind Project IPL engaged RMT to provide certain construction services for its Whispering Willow - East wind project. During the first half of 2009, RMT billed IPL \$28 million related to this project. As of June 30, 2009, IPL owed RMT \$9.9 million related to this project.

WPL's Acquisition of NEF From Resources Refer to Note 1(d) for details of WPL's acquisition of NEF and related assets from Resources in June 2009.

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

(19) EARNINGS PER SHARE

A reconciliation of the weighted average common shares outstanding used in the basic and diluted earnings per weighted average common share (EPS) calculation for the three and six months ended June 30 was as follows (in thousands):

	Three Months		Six Months	
	2009	2008	2009	2008
Weighted average common shares outstanding:				
Basic EPS calculation	110,266	110,168	110,242	110,158
Effect of dilutive share-based awards	83	154	85	155
Diluted EPS calculation	110,349	110,322	110,327	110,313

The following options to purchase shares of common stock were excluded from the calculation of diluted EPS for the three and six months ended June 30 as the exercise prices were greater than the average market price:

	Three Months		Six Months	
	2009	2008	2009	2008
Options to purchase shares of common stock	375,014	--	390,580	--
Weighted average exercise price of options excluded	\$28.76	\$--	\$28.97	\$--

(20) CAPITAL LEASES

At June 30, 2009 and Dec. 31, 2008, Alliant Energy's gross assets under its capital leases (excluding capital leases between related parties) were \$8 million and \$3 million, and the related accumulated amortization was \$1 million and \$1 million, respectively. At June 30, 2009, Alliant Energy's future minimum capital lease payments were as follows (in millions):

	2009	2010	2011	2012	2013	Thereafter	Total	Less: amount representing interest	Present value of net minimum capital lease payments
Capital leases	\$1	\$2	\$1	\$1	\$1	\$3	\$9	\$2	\$7

(21) CONDENSED CONSOLIDATING FINANCIAL STATEMENTS

On Nov. 25, 2008, Alliant Energy assumed the obligations under the Exchangeable Senior Notes due 2030 (Notes), which were originally issued by Resources (a wholly-owned subsidiary of Alliant Energy). The assumption of the Notes by Alliant Energy has been disputed by the indenture trustee for the Notes and is the subject of litigation as described in more detail in Note 12(c). If Alliant Energy does not prevail in this litigation,

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

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then the assumption by Alliant Energy may be reversed, with the Notes remaining at Resources. Prior to Nov. 25, 2008, Alliant Energy fully and unconditionally guaranteed the payment of principal and interest on the Notes and, as a result, was required to present condensed consolidating financial statements. The condensed consolidating financial statements provided in this note are being provided voluntarily pending the resolution of the litigation regarding the Notes and take into account that the assumption of the Notes by Alliant Energy occurred on Nov. 25, 2008. If the assumption is reversed, then the following items reflected on the condensed consolidating financial statements under Alliant Energy parent company would be reflected under Resources (in millions):

	Three Months		Six Months	
	2009	2008	2009	2008
Condensed consolidating income statement:				
Interest expense	\$2.6	\$--	\$5.2	\$--

	As of June 30, 2009	As of Dec. 31, 2008
Condensed consolidating balance sheet:		
Long-term debt, net	\$39.1	\$38.9
Deferred income taxes	131.9	142.5

No Alliant Energy subsidiaries were guarantors of Resources' debt securities. The Other Alliant Energy Subsidiaries column includes amounts for IPL, WPL and Corporate Services. Alliant Energy's condensed consolidating financial statements are as follows:

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Alliant Energy Corporation Condensed Consolidating Statements of Income (Unaudited)

	Alliant Energy Parent Company	Resources	Other Alliant Energy Subsidiaries	Consolidating Adjustments	Consolidated Alliant Energy
	(in millions)				
Three Months Ended June 30, 2009					
Operating revenues:					
Utility:					
Electric	\$-	\$-	\$567.8	\$-	\$567.8
Gas	-	-	58.1	-	58.1
Other	-	-	18.3	-	18.3
Non-regulated	-	99.5	75.9	(77.3)	98.1
	-	99.5	720.1	(77.3)	742.3
Operating expenses:					
Utility:					
Electric production fuel and purchased power	-	-	264.2	-	264.2
Electric transmission service	-	-	58.3	-	58.3
Cost of gas sold	-	-	27.5	-	27.5
Other operation and maintenance	-	-	146.8	-	146.8
Non-regulated operation and maintenance	1.7	90.3	72.1	(73.6)	90.5
Depreciation and amortization	-	2.5	68.0	(3.8)	66.7
Taxes other than income taxes	-	2.2	24.9	(1.6)	25.5
	1.7	95.0	661.8	(79.0)	679.5

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Operating income (loss)	(1.7)	4.5	58.3	1.7	62.8
Interest expense and other:					
Interest expense	2.7	0.9	35.2	(3.1)	35.7
Equity income from unconsolidated investments, net	-	-	(8.6)	-	(8.6)
Allowance for funds used during construction	-	-	(11.3)	-	(11.3)
Interest income and other	(31.5)	(4.1)	(0.3)	34.5	(1.4)
	(28.8)	(3.2)	15.0	31.4	14.4
Income from continuing operations before income taxes	27.1	7.7	43.3	(29.7)	48.4
Income tax expense (benefit)	(1.9)	3.0	12.2	1.3	14.6
Net income	29.0	4.7	31.1	(31.0)	33.8
Preferred dividend requirements of subsidiaries	-				