

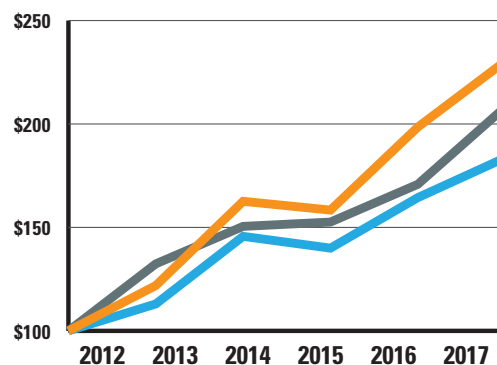
# 2017 Annual Report



## Who we are

Alliant Energy Corporation (NYSE: LNT) is a Midwest U.S. energy company with annual operating revenues of more than \$3 billion. Our company is primarily engaged in electric generation and the distribution of electricity and natural gas. We serve approximately 960,000 electric and 410,000 natural gas customers through our two public utility subsidiaries, Interstate Power and Light (IPL) and Wisconsin Power and Light (WPL). IPL provides retail electric and gas service in Iowa, and WPL provides retail and wholesale electric and retail gas service in Wisconsin. IPL also sells electricity to wholesale customers in Minnesota, Illinois and Iowa. Headquartered in Madison, Wisconsin, Alliant Energy has approximately 4,000 employees and more than 26,000 shareowners of record. Based on electric sales, the largest cities served in Iowa and Wisconsin are Cedar Rapids and Beloit, respectively.

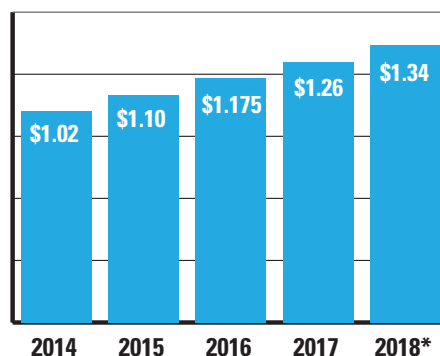
## Five-year return



Comparison of cumulative five-year total return when investing \$100 on December 31, 2012.

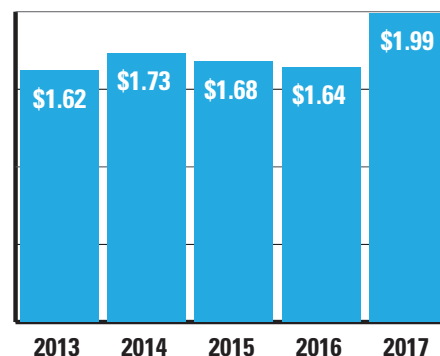
— Alliant Energy Corporation  
— Edison Electric Institute Stock Index  
— S&P 500 Index

## Dividends per share



\* Annual common stock dividend target. Payment of the 2018 dividends is subject to the actual dividend declaration by the Board of Directors.

## Earnings per share



## Financial overview

(Dollars in millions, except per share data)	2017	2016	Change
Operating revenues	<b>\$3,382</b>	\$3,320	2%
Net income attributable to Alliant Energy common shareowners	<b>\$457</b>	\$372	23%
Earnings per share attributable to Alliant Energy common shareowners	<b>\$1.99</b>	\$1.64	21%
Total utility electric sales (thousands of megawatt-hours)	<b>30,192</b>	29,838	1%
Utility natural gas sold and transported (thousands of dekatherms)	<b>126,166</b>	125,228	1%
Cash flows from operating activities	<b>\$983</b>	\$860	14%
Construction and acquisition expenditures	<b>\$1,467</b>	\$1,197	23%
Total assets at year-end	<b>\$14,188</b>	\$13,374	6%
Common shares outstanding at year-end (in thousands)	<b>231,349</b>	227,674	2%
Dividends declared per common share (a)	<b>\$1.26</b>	\$1.175	7%
Market value per share at year-end	<b>\$42.61</b>	\$37.89	12%
Book value per share at year-end	<b>\$18.08</b>	\$16.96	7%
Market capitalization at year-end	<b>\$9,858</b>	\$8,627	14%

(a) Effective with the dividend declared and paid in the first quarter of 2018, Alliant Energy's targeted annualized common stock dividend was increased from \$1.26 to \$1.34 per share.

The financial data should be read in conjunction with the audited consolidated financial statements and related notes of Alliant Energy. The reported financial data are not necessarily indicative of future operating results or financial position.

## Our Annual Meeting goes virtual

Wherever you are in the world, you can use your computer or phone to join our 2018 Annual Meeting of Shareowners! This is your opportunity to learn more about Alliant Energy's recent accomplishments and plans for the future.

**Thursday, May 17, at 10:30 a.m. Central Daylight Time**



To participate online:

**[virtualshareholdermeeting.com/LNT2018](http://virtualshareholdermeeting.com/LNT2018)**



To listen by phone:

**1-877-328-2502**

Please connect 10 minutes in advance. You will need your 16-digit control number (found on your proxy card) for access through the website or to provide to the phone operator.

You can access [proxyvote.com](http://proxyvote.com) to vote your shares and post questions in advance. If we are not able to respond to all questions during the meeting, the questions and answers will be posted to [virtualshareholdermeeting.com/LNT2018](http://virtualshareholdermeeting.com/LNT2018) after it.

The meeting will be virtual only. Please note that if you choose to listen by phone, you will be unable to vote or ask questions during the actual meeting.

Forward-looking statements: This annual report contains forward-looking statements. These forward-looking statements should be considered in light of the disclaimer on pages F-2 through F-4. The information contained in the section titled "2017 Financial Information" was derived from Alliant Energy's Form 10-K, which was filed with the Securities and Exchange Commission. Alliant Energy disclaims any responsibility to update that information in this annual report.



# Powering growth

My fellow shareowners,

It's a new energy era, and Alliant Energy is excited to continue delivering the results you've come to expect from us. In each of the past five years, we've achieved 5% to 7% earnings growth while also increasing our dividend by at least 6% each year.



Pat Kampling

Our strong performance continues. In late 2017, our Board of Directors approved a 6% increase to our expected annual common stock dividend, setting the target for 2018 at \$1.34 per share. Your Alliant Energy investment has delivered a higher return than both the Edison Electric Institute Stock Index and the S&P 500 Index when combining stock performance and dividend yield for the last five years.

## Cleaner, economical, sustainable energy

I'm proud to say that our utility-owned wind portfolio is big and getting bigger. By 2024, we forecast that nearly a third of Alliant Energy's rated electric capacity will be from renewable sources.

Overall, we are expecting to invest up to \$2 billion in new wind power generation through 2020, which is enough to power 500,000 homes. This will more than double renewable capacity for our customers.

We've made smart, targeted investments in solar. In 2017, we energized Iowa's largest solar garden in Dubuque. We also continue to gather data from the Solar Learning Laboratory at our Corporate Headquarters in Madison, Wisconsin.

**We're confident about our future because we're confident in the cleaner, reliable, affordable electricity and natural gas we offer.**

The innovative Rock River solar facility is built on the site of a closed ash landfill. It serves as a model as we continue to close ash ponds and remediate those sites for solar or native pollinator habitats.

Our renewables are balanced by traditional generation, including highly efficient natural gas and emissions-controlled coal power stations. As of the end of 2017, we had retired or converted to gas almost 40% of our 2010 coal-fired generation capacity. Two new state-of-the-art gas plants are replacing this baseload generation. Our 706-megawatt natural gas-fired facility in Marshalltown, Iowa, went into service on April 1, 2017. It received the Envision® Platinum rating for sustainable infrastructure and is one of the five most efficient plants of its type in the United States. We've started construction on a similar facility in Beloit, Wisconsin, which is expected to go into service by early 2020.

Our new generation investments spark growth along many paths. For customers, it means decades of cleaner power with low or no fuel costs. For new and expanding businesses, it means better access to cleaner, reliable, cost-competitive power. For communities, it means new jobs and increased tax revenue. For shareowners, it means continued investment while controlling costs.

### **Smart, strong, secure power grid**

The evolving energy grid forms the backbone for growth and opportunity. The power lines connecting our company and customers are packed with potential. That's why we are installing smart meters for customers and delivering new solutions with our leading-edge customer information system.



### **Exceptional energy services**

We're confident about our future because we're confident in the cleaner, reliable, affordable electricity and natural gas we offer. We work with customers to expand the use of electric vehicles, electric forklifts, electric truck refrigeration units and more. We've also connected more customers to our natural gas system.

*(Continued)*



## Partnering for progress

We know our communities well and work to help them thrive. The 1,300-acre Big Cedar Industrial Center outside of Cedar Rapids, Iowa, is just one example of how we're actively driving economic growth. In 2017, we added three more industrial centers in Iowa, and we're planning new growth sites in Wisconsin, too.

It's important for us to also give back to the communities we have the privilege to serve. In 2017, our community investments totaled more than \$7 million to nonprofit organizations and educational programs. This is in addition to 88,000 volunteer hours donated by Alliant Energy employees and retirees. We amplify the effect of our giving by focusing on three key areas: Helping Families, Education and the Environment.

## An all-virtual Annual Meeting

This year, we are excited to hold our Annual Meeting online and over the phone. Investors can access this innovative live event from kitchen tables, coffee shops and office buildings around the world.



A helicopter lifts an equipment upgrade to the roof of our Columbia Energy Center.



This new format will give more shareowners the opportunity to participate in our Annual Meeting. Attendance at our traditional meeting has been declining, so we are using proven technology to facilitate a worldwide digital discussion. This change also opens up new tools we can use to communicate before the meeting, including the ability for you to post questions in advance.

Please see Page 3 for more details about how to participate in our exclusively virtual Annual Meeting.

## Powering growth, powering beyond

Alliant Energy is powering beyond to deliver a bright energy future. Our talented employees are executing a flexible and customer-focused strategy to deliver benefits to customers and value to shareowners.

It's an exciting time in our industry. While we cannot predict what the future will bring, we know we'll play a central role in it.

Thank you for your support,



Patricia Leonard Kampling  
Chairman and Chief Executive Officer

Alliant Energy Corporation

# Financial

# information

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Combustion turbine stack at the  
Marshalltown Generating Station

## DEFINITIONS

The following abbreviations or acronyms used in this report are defined below:

<u>Abbreviation or Acronym</u>	<u>Definition</u>	<u>Abbreviation or Acronym</u>	<u>Definition</u>
AEF	Alliant Energy Finance, LLC	IPL	Interstate Power and Light Company
AFUDC	Allowance for funds used during construction	IRS	Internal Revenue Service
Alliant Energy	Alliant Energy Corporation	ITC	ITC Midwest LLC
AOCL	Accumulated other comprehensive loss	IUB	Iowa Utilities Board
ARO	Asset retirement obligation	KWh	Kilowatt-hour
ATC	American Transmission Company LLC	Marshalltown	Marshalltown Generating Station
ATC Investment	Investment in American Transmission Company LLC and ATC Holdco LLC	MDA	Management's Discussion and Analysis of Financial Condition and Results of Operations
ATI	AE Transco Investments, LLC	MGP	Manufactured gas plant
CA	Certificate of authority	MISO	Midcontinent Independent System Operator, Inc.
CAA	Clean Air Act	MW	Megawatt
CCR	Coal combustion residuals	MWh	Megawatt-hour
CO2	Carbon dioxide	N/A	Not applicable
Corporate Services	Alliant Energy Corporate Services, Inc.	NAAQS	National Ambient Air Quality Standards
CPCN	Certificate of Public Convenience and Necessity	Note(s)	Notes to Consolidated Financial Statements
CRANDIC	Cedar Rapids and Iowa City Railway Company	NOx	Nitrogen oxide
CSAPR	Cross-State Air Pollution Rule	OIP	Alliant Energy 2010 Omnibus Incentive Plan
CWIP	Construction work in progress	OPEB	Other postretirement benefits
DAEC	Duane Arnold Energy Center	PPA	Purchased power agreement
DATC	Duke-American Transmission Company, LLC	PSCW	Public Service Commission of Wisconsin
DCP	Alliant Energy Deferred Compensation Plan	Receivables Agreement	Receivables Purchase and Sale Agreement
DLIP	Alliant Energy Director Long Term Incentive Plan	Riverside	Riverside Energy Center
Dth	Dekatherm	SCR	Selective catalytic reduction
EGU	Electric generating unit	SEC	Securities and Exchange Commission
EPA	U.S. Environmental Protection Agency	SO2	Sulfur dioxide
EPB	Emissions plan and budget	Tax Reform	Tax Cuts and Jobs Act
EPS	Earnings per weighted average common share	U.S.	United States of America
FERC	Federal Energy Regulatory Commission	VEBA	Voluntary Employees' Beneficiary Association
Financial Statements	Consolidated Financial Statements	VIE	Variable interest entity
FTR	Financial transmission right	WACC	Weighted-average cost of capital
Fuel-related	Electric production fuel and purchased power	Whiting Petroleum	Whiting Petroleum Corporation
FWEC	Forward Wind Energy Center	WPL	Wisconsin Power and Light Company
GAAP	U.S. generally accepted accounting principles	WPL Transco	WPL Transco, LLC
GHG	Greenhouse gases		

## FORWARD-LOOKING STATEMENTS

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

- IPL's and WPL's ability to obtain adequate and timely rate relief to allow for, among other things, earning a return on rate base additions and the recovery of costs, including fuel costs, operating costs, transmission costs, environmental compliance and remediation costs, deferred expenditures, deferred tax assets, capital expenditures, and remaining costs



related to EGUs that may be permanently closed, earning their authorized rates of return, and the payments to their parent of expected levels of dividends;

- federal and state regulatory or governmental actions, including the impact of energy, tax, financial and health care legislation, and regulatory agency orders;
- ability to obtain regulatory approval for wind projects with acceptable conditions, to acquire sufficient transmission-ready wind sites, to complete construction within the cost caps set by regulators and to meet all requirements to qualify for the full level of production tax credits;
- the impact of customer- and third party-owned generation, including alternative electric suppliers, in IPL's and WPL's service territories on system reliability, operating expenses and customers' demand for electricity;
- the impact of energy efficiency, franchise retention and customer disconnects on sales volumes and margins;
- the impact that price changes may have on IPL's and WPL's customers' demand for electric, gas and steam services and their ability to pay their bills;
- the impact of adjustments made to deferred tax assets and liabilities from changes in the tax laws;
- the ability to utilize tax credits and net operating losses generated to date, and those that may be generated in the future, before they expire;
- the direct or indirect effects resulting from terrorist incidents, including physical attacks and cyber attacks, or responses to such incidents;
- the impact of penalties or third-party claims related to, or in connection with, a failure to maintain the security of personally identifiable information, including associated costs to notify affected persons and to mitigate their information security concerns;
- employee workforce factors, including changes in key executives, ability to hire and retain employees with specialized skills, ability to create desired corporate culture, collective bargaining agreements and negotiations, work stoppages or restructurings;
- weather effects on results of utility operations;
- issues associated with environmental remediation and environmental compliance, including compliance with the Consent Decree between WPL, the EPA and the Sierra Club, the Consent Decree between IPL, the EPA, the Sierra Club, the State of Iowa and Linn County in Iowa, the CCR rule, the Clean Power Plan, future changes in environmental laws and regulations, including the EPA's regulations for CO2 emissions reductions from new and existing fossil-fueled EGUs, and litigation associated with environmental requirements;
- the ability to defend against environmental claims brought by state and federal agencies, such as the EPA, state natural resources agencies or third parties, such as the Sierra Club, and the impact on operating expenses of defending and resolving such claims;
- continued access to the capital markets on competitive terms and rates, and the actions of credit rating agencies;
- inflation and interest rates;
- the impact of the economy in IPL's and WPL's service territories and the resulting impacts on sales volumes, margins and the ability to collect unpaid bills;
- changes in the price of delivered natural gas, purchased electricity and coal due to shifts in supply and demand caused by market conditions and regulations;
- disruptions in the supply and delivery of natural gas, purchased electricity and coal;
- changes in the price of transmission services and the ability to recover the cost of transmission services in a timely manner;
- developments that adversely impact the ability to implement the strategic plan;
- the direct or indirect effects resulting from breakdown or failure of equipment in the operation of electric and gas distribution systems, such as mechanical problems and explosions or fires, and compliance with electric and gas transmission and distribution safety regulations;
- issues related to the availability and operations of EGUs, including start-up risks, breakdown or failure of equipment, performance below expected or contracted levels of output or efficiency, operator error, employee safety, transmission constraints, compliance with mandatory reliability standards and risks related to recovery of resulting incremental costs through rates;
- impacts that storms or natural disasters in IPL's and WPL's service territories may have on their operations and recovery of costs associated with restoration activities;
- any material post-closing adjustments related to any past asset divestitures, including the sales of IPL's Minnesota electric and natural gas assets, and Whiting Petroleum, which could result from, among other things, indemnification agreements, warranties, parental guarantees or litigation;
- Alliant Energy's ability to sustain its dividend payout ratio goal;
- changes to costs of providing benefits and related funding requirements of pension and OPEB plans due to the market value of the assets that fund the plans, economic conditions, financial market performance, interest rates, life expectancies and demographics;
- material changes in employee-related benefit and compensation costs;

- risks associated with operation and ownership of non-utility investments;
- changes in technology that alter the channels through which customers buy or utilize Alliant Energy's, IPL's or WPL's products and services;
- impacts on equity income from unconsolidated investments due to further potential changes to ATC's authorized return on equity;
- impacts of IPL's future tax benefits from Iowa rate-making practices, including deductions for repairs expenditures and allocation of mixed service costs, and recoverability of the associated regulatory assets from customers, when the differences reverse in future periods;
- changes to the creditworthiness of counterparties with which Alliant Energy, IPL and WPL have contractual arrangements, including participants in the energy markets and fuel suppliers and transporters;
- current or future litigation, regulatory investigations, proceedings or inquiries;
- reputational damage from negative publicity, protests, fines, penalties and other negative consequences resulting in regulatory and/or legal actions;
- the effect of accounting standards issued periodically by standard-setting bodies;
- the ability to successfully complete tax audits and changes in tax accounting methods with no material impact on earnings and cash flows; and
- factors listed in MDA.

Alliant Energy, IPL and WPL each assume no obligation, and disclaim any duty, to update the forward-looking statements in this report, except as required by law.

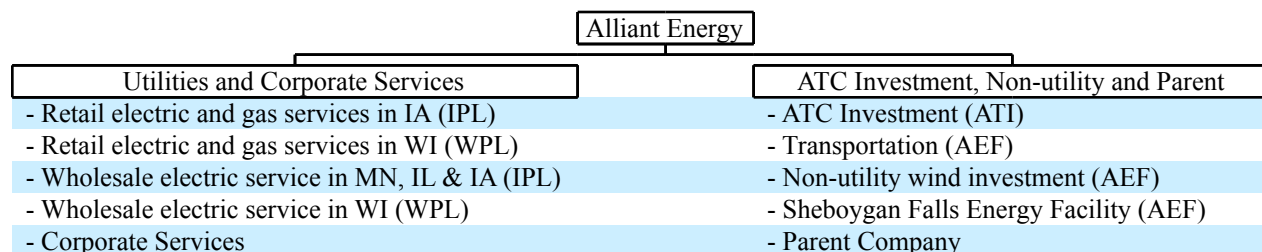
## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This MDA includes information relating to Alliant Energy, IPL and WPL, as well as AEF and Corporate Services. Where appropriate, information relating to a specific entity has been segregated and labeled as such. The following discussion and analysis should be read in conjunction with the Financial Statements and Notes included in this report. Unless otherwise noted, all "per share" references in MDA refer to earnings per diluted share.

### EXECUTIVE OVERVIEW

#### **Description of Business**

**General** - Alliant Energy is a Midwest U.S. energy holding company whose primary subsidiaries are IPL, WPL, AEF and Corporate Services. IPL and WPL are public utilities, and AEF is the parent company for Alliant Energy's non-utility businesses and holds all of Alliant Energy's ATC Investment. Corporate Services provides administrative services to Alliant Energy and its subsidiaries. An illustration of Alliant Energy's primary businesses is shown below.



**Utilities and Corporate Services** - IPL and WPL own a portfolio of EGUs located in Iowa, Wisconsin and Minnesota with a diversified fuel mix including natural gas, renewable resources and coal. The output from these EGUs, supplemented with purchased power, is used to provide electric service to approximately 960,000 electric customers in the upper Midwest. The utility business also procures natural gas from various suppliers to provide service to approximately 410,000 retail gas customers in the upper Midwest. Alliant Energy's utility business is its primary source of earnings and cash flows. The earnings and cash flows from the utilities and Corporate Services business are sensitive to various external factors including, but not limited to, the amount and timing of rates approved by regulatory authorities, the impact of weather and economic conditions on electric and gas sales volumes and other factors listed in "Forward-looking Statements."

**ATC Investment, Non-utility Business and Parent** - AEF holds all of Alliant Energy's ATC Investment. AEF also manages various businesses including Transportation (short-line railway and barge transportation services), a non-utility wind investment, the Sheboygan Falls Energy Facility and several other modest investments.



**Financial Results** - Alliant Energy's net income and EPS attributable to Alliant Energy common shareowners were as follows (dollars in millions, except per share amounts):

	2017		2016	
	Income	EPS	Income (Loss)	EPS
Continuing operations:				
Utilities and Corporate Services	\$416.7	\$1.82	\$397.3	\$1.75
ATC Investment	25.4	0.11	23.1	0.10
Non-utility and Parent	13.8	0.06	(46.6)	(0.20)
Income from continuing operations	455.9	1.99	373.8	1.65
Income (loss) from discontinued operations	1.4	—	(2.3)	(0.01)
Net income	\$457.3	\$1.99	\$371.5	\$1.64

The table above includes EPS from continuing operations for utilities and Corporate Services, ATC Investment, and non-utility and parent, which are non-GAAP financial measures. Alliant Energy believes these non-GAAP financial measures are useful to investors because they facilitate an understanding of segment performance and trends, and provide additional information about Alliant Energy's operations on a basis consistent with the measures that management uses to manage its operations and evaluate its performance.

Alliant Energy's income from continuing operations increased by \$82 million in 2017 compared to 2016. Alliant Energy's increase was primarily due to asset valuation charges at AEF related to the Franklin County wind farm in 2016, higher margins resulting from IPL's interim retail electric base rate increase implemented in April 2017 and WPL's retail electric and gas base rate increases implemented in January 2017, and the effects of Tax Reform, partially offset by higher depreciation expense, higher energy efficiency cost recovery amortization at WPL, and the estimated temperature impacts on IPL's and WPL's retail electric and gas sales.

Refer to "Results of Operations" for additional details regarding the various factors impacting earnings during 2017, 2016 and 2015.

**2017 Overview** - In 2017, Alliant Energy, IPL and WPL focused on achieving financial objectives and executing their strategic plan. Key developments in 2017 include the following:

- **Tax Reform** - In December 2017, Tax Reform was enacted. The enactment of Tax Reform had a material impact on the 2017 financial statements since changes in tax laws must be recognized in the period in which the law is enacted. The most significant provision of Tax Reform was the reduction in the federal corporate tax rate from 35% to 21%, which required a re-measurement of deferred tax assets and liabilities in December 2017. The net impacts of re-measuring deferred taxes associated with regulated utility operations were recorded in regulatory assets and regulatory liabilities and will be utilized to provide benefits to customers in the future. Refer to Note 11 for further discussion of the impacts of Tax Reform.
- **IPL's Marshalltown Generating Station** - Marshalltown, a 706 MW natural gas-fired combined-cycle EGU, was placed into service in April 2017. Final capital expenditures were \$645 million to construct the EGU and a pipeline to supply natural gas to the EGU, excluding transmission network upgrades and AFUDC.
- **Franklin County Wind Farm** - In April 2017, the 99 MW Franklin County wind farm was transferred from AEF to IPL.
- **IPL's and WPL's Potential Expansion of Wind Generation** - IPL and WPL currently plan on expanding their wind generation by up to 1,000 MW and 200 MW, respectively, by the end of 2020. In 2016, IPL received approval from the IUB for the first 500 MW of wind generation. In August 2017, IPL filed an application with the IUB for advance rate-making principles for a second 500 MW of wind generation, and is currently expecting a decision from the IUB in the first quarter of 2018. In November 2017, WPL filed for approval from the PSCW and FERC to acquire 55 MW of FWEC, which is a 129 MW wind farm located in Wisconsin. WPL received approval from FERC for the FWEC acquisition in January 2018 and is currently expecting a decision from the PSCW in the first half of 2018. WPL currently expects to file for approval from the PSCW for the remaining portion of its wind expansion plan in the first half of 2018. Refer to "Strategic Overview" for further discussion. The amount and timing of these wind projects will largely depend on regulatory approvals and the acquisition of wind sites.
- **WPL's Construction of West Riverside** - In October 2017, WPL received an order from the PSCW authorizing various electric cooperatives, which currently have wholesale power supply agreements with WPL, to acquire approximately 65 MW of West Riverside while the EGU is being constructed. As part of the electric cooperatives' acquisitions, which were finalized in January 2018, the current wholesale power supply agreements with the various electric cooperatives were extended by at least four years until 2026 with automatic continuation of such agreements unless terminated by either party, with a five-year notice requirement.

- **Non-utility Wind Investment in Oklahoma** - In July 2017, a wholly-owned subsidiary of AEF acquired a 50% cash equity ownership interest in a 225 MW non-utility wind farm located in Oklahoma. Refer to Note 6(a) for further discussion.
- **IPL's Retail Electric Rate Review (2016 Test Year)** - In April 2017, IPL filed a request with the IUB to increase annual electric base rates for its Iowa retail electric customers. The request was based on a 2016 historical Test Year as adjusted for certain known and measurable changes occurring up to 12 months after the commencement of the proceeding. The key drivers for the filing included recovery of capital projects, primarily power grid modernization and investments that advance cleaner energy, including Marshalltown. An interim retail electric base rate increase of \$102 million, or approximately 7%, on an annual basis, was implemented effective April 13, 2017. In September 2017, IPL reached a partial, non-unanimous settlement agreement with the Iowa Office of Consumer Advocate, the Iowa Business Energy Coalition and the Large Energy Group to increase annual retail electric base rates by \$130 million, or approximately 9%. In February 2018, the IUB issued an order approving the settlement. Final rates are currently expected to be effective in the first half of 2018 once all motions for reconsideration have been addressed and final tariffs have been approved by the IUB.
- **MISO Transmission Owner Return on Equity Complaints** - A group of MISO cooperative and municipal utilities previously filed two complaints with FERC requesting a reduction to the base return on equity used by MISO transmission owners, including ITC and ATC, to determine electric transmission costs billed to utilities, including IPL and WPL. In 2016, FERC issued an order on the first complaint and established a base return on equity of 10.32%, excluding any incentive adders granted by FERC, effective September 28, 2016, and for the refund period from November 12, 2013 through February 11, 2015 (first complaint period). In 2017, Alliant Energy, IPL and WPL received the refunds for the first complaint period of \$50 million, \$39 million and \$11 million, respectively, after final true-ups. Pursuant to IUB approval, IPL's retail portion of the refund from ITC was refunded to its retail customers in 2017. WPL's retail portion of the refund from ATC will remain in a regulatory liability until such refunds are approved to be returned to retail customers in a future rate proceeding. A decision from FERC on the second complaint is currently expected in 2018.
- **Credit Facility Agreement** - In August 2017, Alliant Energy, IPL and WPL entered into a single new credit facility agreement, which expires in August 2022. The new credit facility agreement includes financial covenants similar to those that were included in the previous credit facility agreements. As of December 31, 2017, the short-term borrowing capacity totaled \$1 billion (\$400 million for Alliant Energy at the parent company level, \$250 million for IPL and \$350 million for WPL).
- **At-the-Market Offering Program** - In 2017, Alliant Energy issued 3.1 million shares of common stock through an at-the-market offering program and received cash proceeds of \$124 million, net of \$1 million in commissions and fees. The proceeds from the issuances of common stock were used for general corporate purposes.

**Future Developments** - The following includes key items expected to impact Alliant Energy, IPL and WPL in the future:

- **Planned Utility Rate Reviews** - IPL currently expects to make a retail gas rate filing in the second quarter of 2018 based on a 2017 historical Test Year. WPL currently expects to make a retail electric and gas rate filing in the second quarter of 2018 for the 2019/2020 Test Period. Refer to "Rate Matters" for further discussion.

**2018 Forecast** - In 2018, the following financing activities, and impacts to results of operations, are currently anticipated to occur:

- **Financing Plans** - Alliant Energy currently expects to issue up to \$200 million of common stock in 2018 through one or more offerings and its Shareowner Direct Plan. IPL currently expects to issue up to \$700 million of long-term debt securities in 2018, of which \$350 million would be used to retire long-term debt maturing in 2018. AEF currently expects to issue up to \$1.0 billion of long-term debt in 2018, of which \$595 million would be used to refinance expiring term loans.
- **Common Stock Dividends** - Alliant Energy announced a 6% increase in its targeted 2018 annual common stock dividend to \$1.34 per share, which is equivalent to a quarterly rate of \$0.335 per share, beginning with the February 2018 dividend payment. The timing and amount of future dividends is subject to an approved dividend declaration from Alliant Energy's Board of Directors, and is dependent upon earnings expectations, capital requirements, and general financial business conditions, among other factors.
- **Utility Electric and Gas Margins** - Alliant Energy and IPL currently expect an increase in electric and gas margins in 2018 compared to 2017 as a result of base rate increases from final rates implemented for IPL's retail electric rate review (2016 Test Year) and interim rates for IPL's planned retail gas rate review (2017 Test Year). Alliant Energy and WPL currently expect an increase in electric margins from lower electric transmission service expense in 2018 compared to 2017 due to amortizations of previously over-recovered transmission expenses as approved in WPL's retail electric rate review (2017/2018 Test Year). Refer to "Rate Matters" for further discussion of these rate reviews.



- **Depreciation and Amortization Expenses** - Alliant Energy and IPL currently expect an increase in depreciation and amortization expenses in 2018 compared to 2017 due to property additions, and the implementation of updated depreciation rates for IPL as a result of a recently completed depreciation study, which are currently expected to be effective in the first half of 2018.
- **Interest Expense** - Alliant Energy currently expects interest expense to increase in 2018 compared to 2017 primarily due to financings completed in 2017 and planned in 2018 as discussed above.
- **AFUDC** - Alliant Energy currently expects AFUDC to increase in 2018 compared to 2017 primarily due to increased CWIP balances related to IPL's expansion of wind generation and WPL's West Riverside facility.

## RESULTS OF OPERATIONS

**Overview** - "Executive Overview" provides an overview of Alliant Energy's 2017 and 2016 earnings. Additional earnings details for 2017, 2016 and 2015 are discussed below.

Results of operations include financial information prepared in accordance with GAAP as well as utility electric margins and utility gas margins, which are not measures of financial performance under GAAP. Utility electric margins are defined as electric operating revenues less electric production fuel, purchased power and electric transmission service expenses. Utility gas margins are defined as gas operating revenues less cost of gas sold. Utility electric margins and utility gas margins are non-GAAP financial measures because they exclude other utility and non-utility operating revenues, other operation and maintenance expenses, depreciation and amortization expenses, and taxes other than income tax expense.

Management believes that utility electric and gas margins provide a meaningful basis for evaluating and managing utility operations since electric production fuel, purchased power and electric transmission service expenses and cost of gas sold are generally passed through to customers, and therefore, result in changes to electric and gas operating revenues that are comparable to changes in such expenses. The presentation of utility electric and gas margins herein is intended to provide supplemental information for investors regarding operating performance. These utility electric and gas margins may not be comparable to how other entities define utility electric and gas margin. Furthermore, these measures are not intended to replace operating income as determined in accordance with GAAP as an indicator of operating performance.

Operating income and a reconciliation of utility electric and gas margins to the most directly comparable GAAP measure, operating income, was as follows (in millions):

	Alliant Energy			IPL			WPL		
	2017	2016	2015	2017	2016	2015	2017	2016	2015
<b>Operating income</b>	<b>\$653.4</b>	<b>\$537.0</b>	<b>\$577.0</b>	<b>\$296.9</b>	<b>\$270.8</b>	<b>\$241.9</b>	<b>\$323.2</b>	<b>\$327.0</b>	<b>\$308.7</b>
Electric utility operating revenues	\$2,894.7	\$2,875.5	\$2,770.5	\$1,598.9	\$1,569.7	\$1,503.8	\$1,295.8	\$1,305.8	\$1,266.7
Electric production fuel and purchased power expenses	(818.1)	(854.0)	(837.7)	(443.6)	(430.5)	(428.4)	(374.5)	(423.5)	(409.3)
Electric transmission service expense	(480.9)	(527.9)	(485.3)	(310.4)	(359.7)	(328.2)	(170.5)	(168.2)	(157.1)
Utility Electric Margin (non-GAAP)	1,595.7	1,493.6	1,447.5	844.9	779.5	747.2	750.8	714.1	700.3
Gas utility operating revenues	400.9	355.4	381.2	226.0	204.0	217.3	174.9	151.4	163.9
Cost of gas sold	(211.4)	(194.3)	(219.1)	(115.6)	(111.0)	(123.3)	(95.8)	(83.3)	(95.8)
Utility Gas Margin (non-GAAP)	189.5	161.1	162.1	110.4	93.0	94.0	79.1	68.1	68.1
Other utility operating revenues	47.5	48.6	57.9	45.4	46.7	53.4	2.1	1.9	4.5
Non-utility operating revenues	39.1	40.5	44.0	—	—	—	—	—	—
Asset valuation charges for Franklin County wind farm	—	(86.4)	—	—	—	—	—	—	—
Other operation and maintenance expenses	(651.0)	(606.5)	(629.5)	(403.8)	(383.7)	(389.9)	(249.0)	(219.8)	(235.4)
Depreciation and amortization expenses	(461.8)	(411.6)	(401.3)	(245.0)	(210.8)	(207.2)	(212.9)	(192.5)	(184.3)
Taxes other than income tax expense	(105.6)	(102.3)	(103.7)	(55.0)	(53.9)	(55.6)	(46.9)	(44.8)	(44.5)
<b>Operating income</b>	<b>\$653.4</b>	<b>\$537.0</b>	<b>\$577.0</b>	<b>\$296.9</b>	<b>\$270.8</b>	<b>\$241.9</b>	<b>\$323.2</b>	<b>\$327.0</b>	<b>\$308.7</b>

**Operating Income Variances** - Variances between periods in operating income were as follows (in millions):

<b>2017 vs. 2016:</b>	Alliant Energy	IPL	WPL
Asset valuation charges for Franklin County wind farm in 2016 (Refer to Note 3 for details)	\$86	\$—	\$—
Total higher utility electric margin variance (Refer to details below)	102	65	37
Total higher utility gas margin variance (Refer to details below)	28	17	11
Higher other operation and maintenance expenses variance (Refer to details below)	(45)	(20)	(29)
Higher depreciation and amortization expense primarily due to additional plant in service in 2017, including impacts from Marshalltown	(33)	(29)	(8)
Higher depreciation expense at WPL due to updated depreciation rates effective January 2017 approved by the PSCW and FERC (Refer to Note 1(e) for details)	(12)	—	(12)
Higher depreciation expense at IPL due to write-down of regulatory assets resulting from the IPL electric rate review settlement in 2017 (Refer to Note 2 for details)	(5)	(5)	—
Other	(5)	(2)	(3)
	<u>\$116</u>	<u>\$26</u>	<u>(\$4)</u>

<b>2016 vs. 2015:</b>	Alliant Energy	IPL	WPL
Asset valuation charges for Franklin County wind farm in 2016 (Refer to Note 3 for details)	(\$86)	\$—	\$—
Total higher utility electric margin variance (Refer to details below)	46	32	14
Total lower utility gas margin variance (Refer to details below)	(1)	(1)	—
Total lower other operation and maintenance expenses variance (Refer to details below)	23	6	16
Higher amortization expense from the new customer billing and information system placed in service in 2015	(8)	(4)	(4)
Higher depreciation and amortization expense primarily due to additional plant in service in 2016	(2)	—	(4)
Other	(12)	(4)	(4)
	<u>(\$40)</u>	<u>\$29</u>	<u>\$18</u>

**Electric Revenues and Sales Summary** - Electric revenues (in millions), and MWh sales (in thousands), were as follows:

	Revenues			MWhs Sold		
	2017	2016	2015	2017	2016	2015
<b>Alliant Energy</b>						
Retail	\$2,569.6	\$2,564.8	\$2,474.1	25,095	25,339	25,380
Sales for resale	268.8	266.7	249.5	5,003	4,399	4,842
Other	56.3	44.0	46.9	94	100	129
	<u>\$2,894.7</u>	<u>\$2,875.5</u>	<u>\$2,770.5</u>	<u>30,192</u>	<u>29,838</u>	<u>30,351</u>

**Gas Revenues and Sales Summary** - Gas revenues (in millions), and Dth sales (in thousands), were as follows:

	Revenues			Dths Sold		
	2017	2016	2015	2017	2016	2015
<b>Alliant Energy</b>						
Retail	\$364.6	\$322.4	\$349.9	49,250	47,743	48,635
Transportation/Other	36.3	33.0	31.3	76,916	77,485	74,162
	<u>\$400.9</u>	<u>\$355.4</u>	<u>\$381.2</u>	<u>126,166</u>	<u>125,228</u>	<u>122,797</u>

**Temperatures** - Estimated increases (decreases) to electric and gas margins from the impacts of temperatures were as follows (in millions):

	Electric Margins			Gas Margins		
	2017	2016	2015	2017	2016	2015
IPL	(\$8)	\$3	(\$7)	(\$4)	(\$4)	(\$2)
WPL	(8)	1	(4)	(2)	(3)	(2)
Total Alliant Energy	<u>(\$16)</u>	<u>\$4</u>	<u>(\$11)</u>	<u>(\$6)</u>	<u>(\$7)</u>	<u>(\$4)</u>



**Utility Electric Margin Variances** - The following items contributed to increased (decreased) utility electric margins as follows (in millions):

<b>2017 vs. 2016:</b>	Alliant Energy	IPL	WPL
Higher margins at IPL from the impact of its 2016 Test Year interim retail electric base rate increase (Refer to Note 2 for details)	\$77	\$77	\$—
Higher margins at WPL from the impact of its 2017/2018 Test Period retail electric base rate increase (Refer to Note 2 for details)	63	—	63
Higher revenues at IPL due to 2016 retail electric customer billing credits related to the approved retail electric base rate freeze through 2016 (Refer to Note 2 for details)	9	9	—
Higher electric revenues from reimbursements for hurricane assistance relief in 2017 (hurricane assistance electric revenues are offset in other operation and maintenance expenses)	6	3	3
Estimated changes in sales volumes caused by temperatures (Refer to “Temperatures” above for details)	(20)	(11)	(9)
Revenue requirement adjustment in 2016 related to certain tax benefits (Refer to Note 2 for details)	(14)	(14)	—
Changes in electric fuel-related costs, net of recoveries at WPL (a)	(12)	—	(12)
Lower wholesale margins at WPL primarily due to the expiration of a wholesale power supply agreement on May 31, 2017	(8)	—	(8)
Other	1	1	—
	<u>\$102</u>	<u>\$65</u>	<u>\$37</u>
<b>2016 vs. 2015:</b>	Alliant Energy	IPL	WPL
Higher revenues at IPL due to lower retail electric customer billing credits related to the approved retail electric base rate freeze through 2016 (Refer to Note 2 for details)	\$15	\$15	\$—
Estimated changes in sales volumes caused by temperatures (Refer to “Temperatures” above for details)	15	10	5
Higher revenues at IPL due to fewer electric tax benefit rider credits on customers’ bills (Refer to Note 2 for details)	8	8	—
Higher electric transmission service expense at WPL	(11)	—	(11)
Other (b)	19	(1)	20
	<u>\$46</u>	<u>\$32</u>	<u>\$14</u>

- (a) WPL estimates the increase (decrease) to electric margins from amounts within the approved bandwidth of plus or minus 2% of forecasted fuel-related expenses determined by the PSCW each year was approximately (\$6) million, \$6 million and \$6 million in 2017, 2016 and 2015, respectively.
- (b) Includes increases in temperature-normalized retail sales volumes at WPL in 2016. Refer to “Electric Sales Trends” below for more information.

**Electric Sales Trends** - Alliant Energy’s retail electric sales volumes decreased 1% in 2017 and remained unchanged in 2016. During 2017, the decrease was primarily due to the impact of lower residential and commercial sales due to cooler summer temperatures during 2017 compared to the same period in 2016 and an extra day of retail sales during 2016 due to the leap year, partially offset by increases in WPL’s industrial sales from higher customer production and customer expansions.

During 2016, retail electric sales remained unchanged. Increases from the impact of temperatures on residential and commercial sales resulting in higher cooling demand, an extra day of retail sales during the first quarter of 2016 due to the leap year, and higher commercial and industrial sales driven by customer expansions were offset by decreases from IPL’s sale of its Minnesota electric distribution assets in 2015.

**Utility Gas Margin Variances** - The following items contributed to increased (decreased) utility gas margins as follows (in millions):

<b>2017 vs. 2016:</b>	Alliant Energy	IPL	WPL
Higher margins at WPL from the impact of its 2017/2018 Test Period retail gas base rate increase (Refer to Note 2 for details)	\$9	\$—	\$9
Higher revenues at IPL related to changes in recovery amounts for energy efficiency costs through the energy efficiency rider (a)	8	8	—
Higher revenues at IPL due to lower gas tax benefit rider credits on customer's bills (Refer to Note 2 for details)	6	6	—
Estimated changes in sales volumes caused by temperatures (Refer to "Temperatures" above for details)	1	—	1
Other	4	3	1
	<u>\$28</u>	<u>\$17</u>	<u>\$11</u>
<b>2016 vs. 2015:</b>	Alliant Energy	IPL	WPL
Estimated changes in sales volumes caused by temperatures (Refer to "Temperatures" above for details)	(\$3)	(\$2)	(\$1)
Other	2	1	1
	<u>(\$1)</u>	<u>(\$1)</u>	<u>\$—</u>

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

**Other Operation and Maintenance Expenses** - The following items contributed to (increased) decreased other operation and maintenance expenses as follows (in millions):

<b>2017 vs. 2016:</b>	Alliant Energy	IPL	WPL
Higher energy efficiency cost recovery amortizations at WPL (a)	(\$27)	\$—	(\$27)
Charges related to cancelled software projects in 2017	(6)	(3)	(3)
Higher distribution expense for hurricane assistance relief in 2017 (hurricane assistance relief expenses are offset in electric margins)	(6)	(3)	(3)
Write-down of regulatory assets due to the IPL electric rate review settlement in 2017 (Refer to Note 2 for details)	(4)	(4)	—
Higher energy efficiency expense at IPL (primarily offset by gas revenues)	(3)	(3)	—
Other	1	(7)	4
	<u>(\$45)</u>	<u>(\$20)</u>	<u>(\$29)</u>
<b>2016 vs. 2015:</b>	Alliant Energy	IPL	WPL
Lower energy efficiency cost recovery amortizations at WPL (a)	\$15	\$—	\$15
Losses on sales of IPL's Minnesota distribution assets recorded in 2015 (Refer to Note 3 for details)	14	14	—
Voluntary employee separation charges in 2015 (Refer to Note 12(a) for details)	8	5	3
Higher bad debt expense at IPL (b)	(9)	(9)	—
Higher stock-based performance compensation expense (Refer to Note 12(b) for details)	(7)	(4)	(3)
Higher employee benefits-related expense (c)	(7)	(5)	(2)
Other (includes lower costs due to cost controls and operational efficiencies)	9	5	3
	<u>\$23</u>	<u>\$6</u>	<u>\$16</u>

- (a) The December 2016 PSCW order for WPL's 2017/2018 Test Period electric and gas base rate review authorized changes in energy efficiency cost recovery amortizations for 2017 and 2018. The July 2014 PSCW order for WPL's 2015/2016 Test Period electric and gas base rate review authorized changes in energy efficiency cost recovery amortizations for 2015 and 2016. Regulatory amortizations at WPL related to energy efficiency costs were \$16 million, (\$11) million and \$4 million in 2017, 2016 and 2015, respectively.
- (b) Primarily due to an increase in IPL's allowance for doubtful accounts as a result of increases in past due accounts receivable.
- (c) Primarily due to an increase in retirement plans costs and other employee benefits-related costs. The increased retirement plan costs in 2016 were largely due to lower than expected returns on plan assets in 2015.

**Interest Expense and Other Variances** - The following items contributed to (increased) decreased interest expense and other as follows (in millions):

<b>2017 vs. 2016:</b>	Alliant Energy	IPL	WPL
Higher interest expense primarily due to higher average outstanding long-term debt balances (Refer to Note 9(b) for details)	(\$19)	(\$9)	(\$2)
Higher (lower) equity income from ATC Investment (a)	3	—	(39)
Higher (lower) AFUDC primarily due to increased (decreased) CWIP balances (b)	(13)	(21)	8
Other	2	—	(1)
	<u>(\$27)</u>	<u>(\$30)</u>	<u>(\$34)</u>
<b>2016 vs. 2015:</b>	Alliant Energy	IPL	WPL
Higher (lower) interest expense primarily due to higher (lower) average outstanding long-term debt balances	(\$9)	(\$6)	\$1
Higher AFUDC primarily due to increased CWIP balances (b)	26	24	2
Other	5	—	4
	<u>\$22</u>	<u>\$18</u>	<u>\$7</u>

- (a) Alliant Energy's increase was primarily due to return on equity complaint reserves recorded in 2016, partially offset by a reserve established in 2017 for an anticipated future refund to be made to ATC's customers. WPL's decrease was due to the transfer of its investment in ATC to ATI on December 31, 2016. Refer to Note 6(a) for details.
- (b) Changes in AFUDC were primarily due to AFUDC recognized for Marshalltown.

**Income Taxes** - Refer to Note 11 for details of effective income tax rates for continuing operations.

## STRATEGIC OVERVIEW

**Strategic Plan** - The strategic plan focuses on creating customer value across IPL's and WPL's service territories. Customers have evolving expectations and access to increasingly competitive alternatives for energy. As a result, providing customized energy solutions, while aggressively managing customer prices, remains at the center of the strategic plan. Alliant Energy, IPL and WPL are focused on delivering reliable and affordable electricity with lower electric generation CO2 emissions. By adopting a long-term strategy independent of changing policies and political landscape, Alliant Energy, IPL and WPL remain flexible on environmental compliance plans, while ensuring their electric supply provides economic and sustainable value to their customers and service territories. The strategic plan is evaluated through the integrated resource planning process, subject to review and approval by regulatory agencies and Alliant Energy's Board of Directors. Successful implementation of the strategic plan is expected to result in increased earnings for Alliant Energy, IPL and WPL while limiting cost increases for IPL's and WPL's customers. The strategic plan is built upon two key elements: Growth and Optimization.

**Growth** - The growth element of the strategic plan includes accelerating the growth of customers' electric and gas usage and expanding the portfolio of energy resources by adding cleaner and renewable energy, with a focus on long-term generation solutions. Increasing electric and gas usage in IPL's and WPL's service territories is expected to help minimize individual customer prices. Expanding cleaner and renewable energy is part of Alliant Energy's long-term plan to reduce fossil-fueled EGU CO2 emissions and may also help support customers' electric usage sustainability efforts.

**Accelerate Electric and Gas Usage Growth** - Actions to accelerate the growth of customers' electric and gas usage include: retention and growth of current customers, as well as growth of new customers; economic development opportunities designed to attract new customers (e.g. industrial park expansions); and efforts to promote additional markets for electricity and gas, such as the electrification of the transportation sector (e.g. electric vehicles and charging stations).

To help support retention and growth of current customers, the strategic plan focuses on promoting energy efficiency and using new and existing technologies and customized energy solutions, which are expected to help reduce energy costs, provide flexibility, increase productivity, and focus on responding to customers' increased interest in energy-related sustainability initiatives.

Economic development across Iowa and Wisconsin is focused on attracting new businesses by providing planning resources and energy solutions that encourage companies to invest in IPL's and WPL's service territories. For example, the Big Cedar Industrial Center is a 1,300 acre rail-served manufacturing and industrial site in Cedar Rapids, Iowa. This ready-to-build site is in close proximity to regional airport and interstate freeways and offers access to IPL's electric services. IPL has also identified various other development-ready sites, including Prairie View Industrial Center, a 730 acre site in Ames, Iowa;



Indianhead South, a 145 acre site in Mason City, Iowa; and Helgerson Flats Industrial Center, an 80 acre site in Ottumwa, Iowa. WPL is also exploring development-ready sites in Wisconsin.

In addition, investments are expected to be made to extend various gas distribution systems in IPL's and WPL's service territories to serve new customer demand for natural gas.

**Expand Cleaner and Renewable Energy** - The expansion of cleaner and renewable energy contributes to a more diverse energy portfolio and over the long-term, reduces emissions from EGUs. Alliant Energy is expanding its renewable generation portfolio with the planned expansion of up to 1,200 MW of wind generation at IPL and WPL in aggregate. In addition, Alliant Energy completed construction of Marshalltown in 2017 and is currently constructing West Riverside, which are highly efficient natural gas-fired combined-cycle EGUs. IPL and WPL have also completed various solar projects, and have plans to construct additional solar generation at Marshalltown and West Riverside, respectively. These new generation projects are expected to increase customer access to low-cost energy resources, and also support the retirement of various older, smaller and less efficient coal-fired EGUs, resulting in Alliant Energy reducing its CO<sub>2</sub> emissions. These new generation projects and EGU retirements also support a cleaner electricity supply portfolio, which may assist with Alliant Energy's customers' increasing sustainability efforts.

**Optimization** - The second key element of the strategic plan focuses resources on providing reliable electric and natural gas service to customers in IPL's and WPL's service territories in a cost effective manner through continued modernization of the power grid and gas distribution system, and optimization of the generation fleet. Modernizing, upgrading and optimizing the distribution and generation assets are expected to maximize the value of Alliant Energy's existing infrastructure, strengthen and enhance the safety of its systems, expand customer options with smart technology, and be more price-competitive and market-responsive for customers. For example, customer engagement initiatives include new pricing options and enhanced communication through mobile devices for customers. In addition, IPL and WPL are working with their respective regulatory commissions to determine the appropriate treatment for Tax Reform impacts, which are currently expected to be utilized for future customer benefits.

Alliant Energy is modernizing the power grid to accommodate a growing two-way flow of electricity and information. This includes targeted investments to replace and upgrade aging infrastructure in the electric distribution system. This also includes investments in advanced metering infrastructure, which support the integration of new technologies, as well as improve the security, reliability and resiliency of the power grid.

Since 2010, Alliant Energy has retired or fuel-switched approximately 40% of its older, smaller, less efficient and more costly coal-fired EGUs, and has made investments in its newer, more efficient coal-fired EGUs. Additionally, Alliant Energy has retired or fuel-switched approximately 75% of its combustion turbines and oil-fired EGUs. Alliant Energy is also investing in responsive and cost-effective natural gas-fired generation, which complements its growing investments in renewable energy. These investments are expected to help reduce costs and provide competitively-priced electricity for customers.

**Generation Plans** - A diversified fuel mix for EGUs is important to meeting the energy needs of customers and also recognizes the importance of using resources in efficient and environmentally responsible ways for the benefit of future generations. The current strategic plan includes the following portfolio of energy resources:

- **Natural gas** - operating, constructing, and/or converting to, natural gas-fired EGUs.
- **Renewables** - operating wind farms, solar projects and hydroelectric generators, as well as developing future wind sites and solar projects.
- **PPAs** - purchasing electricity to meet a portion of customers' demand for electricity, including wind, solar power and nuclear generation PPAs.
- **Coal** - completing the installation of remaining environmental controls at newer, larger and more efficient coal-fired EGUs, and fuel switching at, and retirement of, certain older, smaller and less efficient coal-fired EGUs.

Increasing levels of energy produced by natural gas-fired EGUs, wind farms and other renewable energy resources, and installing environmental controls at the more efficient coal-fired EGUs, result in significant environmental benefits. As a result of these efforts, mercury emissions have been reduced by approximately 95% from 2005 levels. In addition, SO<sub>2</sub> and NO<sub>x</sub> emissions are currently targeted to be reduced by approximately 90% and 80%, respectively, from 2005 levels by 2020. Electric generation CO<sub>2</sub> emissions are currently targeted to be reduced by approximately 40% from 2005 levels by 2030. Water withdrawals at fossil-fueled EGUs are currently targeted to be reduced by approximately 75% from 2005 levels by 2030.

Alliant Energy, IPL and WPL are currently evaluating the types of capacity and energy additions they will pursue to meet their customers' long-term electricity needs, with a focus on clean, reliable and affordable energy, and are monitoring several related external factors that could influence those evaluations. Some of the external factors impacting these plans include regulatory policies and decisions; changes in long-term projections of customer demand; changing customer demand for renewable energy; availability and cost effectiveness of different generation and emission reduction technologies; developments related to environmental regulations; settlements reached with environmental agencies and citizens groups; forward market prices for fossil fuels and electricity; market conditions for obtaining financing; developments related to federal and state renewable portfolio standards; environmental requirements, such as any future requirements relating to GHG emissions or renewable energy sources; and federal and state tax incentives. Environmental compliance plans have also been developed to ensure cost effective compliance with current and proposed environmental laws and regulations impacting existing EGUs. Refer to "Environmental Matters" for details of current and proposed environmental regulations and requirements.

### **Natural Gas-Fired Generation -**

IPL's Construction of Marshalltown - In 2013, the IUB issued an order approving a siting certificate and establishing rate-making principles for IPL's construction of the 706 MW natural gas-fired combined-cycle EGU in Marshalltown, Iowa, referred to as Marshalltown. IPL's construction of Marshalltown began in 2014 and the EGU was placed into service in April 2017. Marshalltown replaces energy and capacity being eliminated with the 2017 and 2018 retirements of Sutherland Units 1 and 3, Fox Lake Units 1 and 3, Burlington Combustion Turbines Units 1-4, Dubuque Units 3 and 4, Centerville Combustion Turbines Units 1 and 2, Grinnell Combustion Turbines Units 1 and 2, and Red Cedar Combustion Turbine Unit 1, which in aggregate had a nameplate capacity of approximately 480 MW.

ITC constructed the majority of the required transmission network upgrades for Marshalltown and elected to pursue an option under the terms of MISO's Attachment "X" tariff to self-fund these transmission network upgrades. As a result, ITC has incurred the capital expenditures to construct the transmission network upgrades and has started billing IPL a direct charge for such transmission network upgrade costs.

Refer to Note 3 for further discussion of Marshalltown.

WPL's Construction of West Riverside - In 2016, WPL received an order from the PSCW authorizing WPL to construct an approximate 730 MW natural gas-fired combined-cycle EGU in Beloit, Wisconsin, referred to as West Riverside. WPL's construction of West Riverside began in 2016 and the EGU is currently expected to be placed in service by early 2020. WPL's estimated portion of capital expenditures is currently expected to be approximately \$640 million. The capital expenditures include costs to construct the EGU and a pipeline to supply natural gas to the EGU, and exclude transmission network upgrades and AFUDC. West Riverside will replace energy and capacity being eliminated with the 2015 retirements of Nelson Dewey Units 1 and 2 and Edgewater Unit 3, and the planned retirements of Edgewater Unit 4 and the Rock River and Sheepskin Combustion Turbine Units, which in aggregate have a nameplate capacity of approximately 700 MW.

WPL entered into agreements with neighboring utilities and electric cooperatives that provide each of the neighboring utilities and electric cooperatives options to purchase a partial ownership interest in West Riverside. The purchase price for such options is based on the ownership interest acquired and the net book value of West Riverside on the date of the purchase. The exercise of each option is subject to PSCW approval, and the timing and ownership amounts of the options are as follows:

Counterparty	Option Amount	Option Timing
Wisconsin Public Service Corporation (WPSC)	Up to 200 MW (no more than 100 MW to be acquired in first two years) (a)	2020-2024 (b)
Madison Gas and Electric Company (MGE)	Up to 50 MW (no more than 25 MW to be acquired in first two years)	2020-2025 (b)
Electric cooperatives	Approximately 65 MW	During construction of the EGU

- (a) If WPSC exercises its options, WPL may exercise reciprocal options, subject to approval by the PSCW, to purchase up to 200 MW of any natural-gas combined-cycle EGU that either WPSC or its affiliated utility, Wisconsin Electric Power Company (Wisconsin Electric), places in service within 10 years of the date West Riverside is placed in service.
- (b) Assumes an in-service date by early 2020.

WPSC and MGE Options - In conjunction with the agreements WPL entered into with WPSC and MGE associated with West Riverside, WPL also entered into amendments to the Columbia joint operating agreement. In November 2016, WPL received an order from the PSCW approving amendments to the Columbia joint operating agreement, which allow WPSC and MGE to forgo certain capital expenditures at Columbia. Based on the additional capital expenditures WPL currently expects to incur

through June 1, 2020, WPL's ownership interest in Columbia is expected to increase from 46.2% (as of December 31, 2016) to 53.4%. Refer to Note 4 for further discussion of these amendments.

*Renewable Generation Joint Development Agreement* - In 2016, WPL, Wisconsin Electric and WPSC executed a separate joint development agreement for the purpose of cooperatively developing any renewable resources greater than 50 MW in Wisconsin for the benefit of their respective customers. The agreement has a 10-year term beginning June 1, 2016, and the utility that originates such renewable resource would hold a majority ownership and operational control of the renewable resource. The other two utilities would have the right to acquire a minority interest in the other utility's renewable resource. Refer to "WPL's Expansion of Wind Generation" below for discussion of definitive agreements entered into by WPL, WPSC and MGE to acquire the assets of FWEC, which is a 129 MW wind farm located in Wisconsin.

*Electric Cooperatives' Options* - In October 2017, WPL received an order from the PSCW authorizing various electric cooperatives, which currently have wholesale power supply agreements with WPL, to acquire approximately 65 MW of West Riverside while the EGU is being constructed. As part of the electric cooperatives' acquisitions, which were finalized in January 2018, the current wholesale power supply agreements with the various electric cooperatives were extended by at least four years until 2026 with automatic continuation of such agreements unless terminated by either party, with a five-year notice requirement.

**Wind Generation** - The strategic plan includes the planned expansion of up to 1,200 MW of wind generation in aggregate (up to 1,000 MW at IPL and up to 200 MW at WPL). IPL and WPL believe their respective planned expansion of wind generation will qualify for the full level of production tax credits as a result of progress payments in 2016 for wind turbines, and plan to place these wind projects into service by the end of 2020. The amount and timing of these wind projects will largely depend on regulatory approvals, federal and state tax incentives and the acquisition of wind sites. Estimated capital expenditures for the planned wind generation projects for 2018 through 2020 are included in the "Renewable projects" line in the construction and acquisition expenditures table in "Liquidity and Capital Resources."

IPL's Expansion of Wind Generation - In October 2016, IPL received approval from the IUB for up to 500 MW of new wind generation. In August 2017, IPL filed an application with the IUB for advance rate-making principles for up to 500 MW of additional wind generation, and a decision from the IUB is currently expected in the first quarter of 2018. The advance rate-making principles approved by the IUB in October 2016 and requested by IPL in the August 2017 application were as follows:

- Additional wind generation that qualifies for the full level of production tax credits, as long as the projects are located in Iowa. The October 2016 IUB approval has a cost cap of \$1,830/kilowatt, including AFUDC and transmission costs, and the August 2017 application has a cost cap of \$1,780/kilowatt, including AFUDC and transmission costs. Any costs incurred in excess of the respective cost cap are expected to be incorporated into rates if determined to be reasonable and prudent.
- A depreciable life of the wind generation facilities of 40 years, unless changed as a result of a contested case before the IUB.
- An 11.0% return on common equity, with the exception of certain transmission facilities classified as intangible assets, which would earn the rate of return on common equity the IUB finds reasonable in each future retail electric rate proceeding.
- A return on common equity for the calculation of AFUDC during the construction period that is the greater of 10.0% or whatever percentage the IUB finds reasonable during IPL's most recent retail electric rate proceeding.
- The application of double leverage is deferred until a future retail electric rate proceeding.
- Amortization over a 10-year period of IPL's prudently incurred and unreimbursed costs, effective with IPL's next retail electric base rate proceeding, if IPL cancels the construction of the wind generation facilities.

IPL currently has on-going, new wind project development as follows:

Wind Site	Nameplate Capacity	Location
Upland Prairie	Up to 300 MW	Clay and Dickinson Counties, Iowa
Whispering Willow	Up to 200 MW	Franklin County, Iowa
English Farms	Up to 170 MW	Poweshiek County, Iowa

IPL continues to explore other development opportunities for its planned expansion of wind generation.



**WPL's Expansion of Wind Generation** - In October 2017, WPL, along with WPSC and MGE, entered into definitive agreements, subject to regulatory approval, to acquire the assets of FWEC, which is a 129 MW wind farm located in Wisconsin. WPL currently expects to acquire 55 MW of FWEC for approximately \$74 million. In November 2017, WPL filed for approval from the PSCW to acquire the assets of FWEC, and a decision from the PSCW is currently expected in the first half of 2018. In January 2018, FERC approved WPL's request to acquire the assets of FWEC. WPL, WPSC and MGE have been receiving electricity from FWEC under PPAs since FWEC began commercial operations in 2008. Upon completion of the acquisitions, such PPAs will terminate.

WPL currently expects to file for approval from the PSCW for the remaining portion of its wind expansion plan in the first half of 2018.

**Franklin County Wind Farm** - Refer to Note 3 for discussion of the transfer of the 99 MW Franklin County wind farm assets from AEF to IPL in April 2017.

**Solar Generation** - In 2016, WPL began providing customers with energy from the 2.3 MW Rock River solar project through a 10-year PPA. The solar field is located at WPL's Rock River landfill site in Beloit, Wisconsin. In 2017, IPL installed approximately 5 MW of solar arrays in Dubuque, Iowa. In addition, IPL and WPL have plans to construct solar generation at Marshalltown and West Riverside, respectively.

#### **Coal-Fired Generation -**

**Environmental Controls Projects** - The strategic plan includes adding environmental controls at newer, larger and more efficient coal-fired EGUs to continue producing affordable energy for customers and to benefit the environment. Current projects include installing SCR at IPL's Ottumwa Unit 1 and WPL's Columbia Unit 2 to achieve compliance obligations under CSAPR and the Consent Decrees. SCR is a post-combustion process that injects ammonia or urea into the stream of gases leaving the EGU boiler to convert NOx emissions into nitrogen and water. The use of a catalyst enhances the effectiveness of the conversion, enabling NOx emissions reductions of up to 90%. Refer to Note 16(e) for discussion of the Consent Decrees.

**IPL** - Under Iowa law, IPL is required to file an EPB biennially. Filing of periodic reports regarding the implementation of IPL's compliance plan and related budget identified in an EPB is also currently required under a settlement agreement between IPL and the Iowa Office of Consumer Advocate, among others. An EPB provides a utility's compliance plan and related budget for managing regulated emissions from its coal-fired EGUs in a cost-effective manner. IUB approval of an EPB demonstrates that the EPB is reasonably expected to achieve cost-effective compliance with applicable state environmental requirements. In May 2017, the IUB approved IPL's most recent emissions plan and budget, which includes the SCR for Ottumwa Unit 1. The SCR at Ottumwa Unit 1 is currently expected to be placed in service in 2018. IPL's portion of capital expenditures (past and future) for the SCR is expected to be \$60 million to \$70 million.

**WPL** - WPL must file a CA application and receive authorization from the PSCW to proceed with any individual environmental controls project with an estimated project cost of \$10.7 million or more. WPL is currently constructing the SCR at Columbia Unit 2 pursuant to a 2015 PSCW order and expects to place it in service in 2018. WPL's portion of capital expenditures (past and future) for the SCR is expected to be \$40 million to \$50 million.

**Plant Retirements and Fuel Switching** - In 2017, IPL retired Sutherland Units 1 and 3, Dubuque Units 3 and 4, Fox Lake Units 1 and 3, and various other units, as well as fuel switched Prairie Creek Unit 4 from coal to natural gas and Marshalltown Combustion Turbine Units 1-3 from oil to natural gas. The current strategic plan includes the retirement, or fuel switch from coal to natural gas, of several older, smaller and less efficient EGUs in the next several years. The plan includes the following EGUs, with net book values as of December 31, 2017 (dollars in millions; Combustion Turbine (CT)):

IPL			WPL		
EGU	Expected Action	Net Book Value	EGU	Expected Action	Net Book Value
Red Cedar CT Unit 1	Retire by 6/1/18	\$3	Edgewater Unit 4	Retire by 9/30/18	\$33
Burlington CT Units 1-4	Retire by 6/1/18	—	Rock River CT Units 3-6	Retire by 12/31/20	1
Burlington Unit 1	Fuel switch by 12/31/21	60	Sheepskin CT Unit 1	Retire by 12/31/20	—
Prairie Creek Units 1 and 3	Fuel switch or retire by 12/31/25	89			

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

**Electric and Gas Distribution Systems** - The strategic plan includes investments targeted at replacing, modernizing and upgrading infrastructure in the electric and gas distribution systems. Estimated capital expenditures for expected and current electric and gas distribution infrastructure projects for 2018 through 2021 are included in the “Electric and gas distribution systems” lines in the construction and acquisition expenditures table in “Liquidity and Capital Resources.”

**Gas Pipeline Expansion** - IPL and WPL currently expect to make investments to extend various gas distribution systems to provide natural gas to unserved or underserved areas in their service territories. For example, in March 2017, IPL placed into service the Clinton natural gas pipeline, located in Scott and Clinton Counties in Iowa, which provides capacity for anticipated customer growth in Clinton County.

**Pipeline and Hazardous Materials Safety Administration** - In April 2016, the Pipeline and Hazardous Materials Safety Administration published proposed regulations to update safety requirements for gas transmission pipelines, which would add new assessment and repair criteria for gas pipelines, and require a systematic approach to verify a pipeline’s maximum allowable operating pressure. Given that the Pipeline and Hazardous Materials Safety Administration has not finalized these gas transmission regulations, Alliant Energy, IPL and WPL are currently unable to predict with certainty the impact of these regulations on their financial condition and results of operations. In anticipation of these pending rule changes, Alliant Energy, IPL and WPL have started proactively replacing certain of IPL’s transmission pipelines and making modifications to certain of WPL’s transmission pipelines.

**Advanced Metering Infrastructure (AMI)** - IPL currently plans to install AMI in its electric and gas service territories in Iowa through a phased approach from 2017 through 2019. AMI is a system of meters, communications networks and data management systems that enables two-way communication between utilities and its customers. AMI allows for remote meter reading, automatic outage notification, and remote disconnects and reconnects. AMI technology is expected to enhance the communication infrastructure in Alliant Energy’s service territories, improve customer service, enhance energy management initiatives and provide operational savings through increased efficiencies.

**Non-utility Operations** - The strategic plan for Alliant Energy’s non-utility operations involves maintaining a modest portfolio of businesses that are accretive to earnings and cash flows. The non-utility strategic plan continues to evolve through exploration of modest investment opportunities within and outside of Alliant Energy’s service territories.

## **RATE MATTERS**

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

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

**IPL’s Retail Electric Rate Review (2016 Test Year)** - In April 2017, IPL filed a request with the IUB to increase annual electric base rates for its Iowa retail electric customers and interim rates were implemented effective April 13, 2017. In September 2017, IPL reached a partial, non-unanimous settlement agreement with the Iowa Office of Consumer Advocate, the Iowa Business Energy Coalition and the Large Energy Group. In February 2018, the IUB issued an order approving the settlement. Final rates are currently expected to be effective in the first half of 2018 once all motions for reconsideration have been addressed and final tariffs have been approved by the IUB. The requested interim and final rate increases were calculated based on the following (Return on Common Equity (ROE)):

	Interim Rates	Final Rates
Annual retail electric base rate increase	\$102 million	\$130 million
Regulatory capital structure:		
Common equity	49.1%	49.0%
Long-term debt	46.3%	46.8%
Preferred equity	4.6%	4.2%
After-tax weighted-average cost of capital:		
Marshalltown (ROE - 11.0%)	8.1%	8.0%
Emery (ROE - 12.23%)	8.7%	8.6%
Whispering Willow - East (ROE - 11.7%)	8.4%	8.3%
Other (ROE - 9.6%) (a)	7.4%	7.3%
Retail electric rate base (b)	\$3.8 billion	\$4.0 billion

- (a) Other ROE of 9.6% for interim rates reflects the application of double leverage. Prior to application of double leverage, Other ROE for interim rates was 10.0%. Other ROE of 9.6% for final rates does not reflect the application of double leverage.
- (b) The retail electric rate base for interim rates includes post-test year capital additions placed in service prior to the rate filing in April 2017, including Marshalltown and the Franklin County wind farm. The retail electric rate base for final rates also includes deferred tax assets for production tax credits generated by Whispering Willow - East and post-test year capital additions placed in service by September 30, 2017.

Refer to Note 2 for discussion of IPL's initial request, interim rates, settlement and final rates, as well as details for a write-down of regulatory assets recorded by IPL in 2017 related to the settlement.

**WPL's Retail Electric and Gas Rate Review (2017/2018 Test Period)** - In December 2016, WPL received an order from the PSCW authorizing WPL to implement an increase in annual retail electric rates of \$9 million, or approximately 1%, and an increase in annual retail gas rates of \$9 million, or approximately 13%. The \$9 million net annual retail electric rate increase reflects a \$60 million increase in base rates, partially offset by a \$51 million reduction in fuel-related costs, using an estimate for 2017 fuel-related costs. These increases are effective January 1, 2017 and extend through the end of 2018. The increases reflect recovery of the costs for environmental controls projects at Edgewater and Columbia, and investments in electric and gas distribution systems, including expansion of natural gas pipeline infrastructure. These rate increases were partially offset by utilization of amounts that WPL previously over-recovered from its customers for energy efficiency cost recovery and electric transmission cost recovery, as well as amounts deferred under the earnings sharing mechanism for the 2013/2014 Test Period. The order included a return on common equity of 10.0% and continues an earnings sharing mechanism, whereby WPL must defer a portion of its earnings and return this amount to its retail electric and gas customers if its annual regulatory return on common equity exceeds 10.25% during the 2017 and 2018 Test Period. WPL must defer 50% of its excess earnings between 10.25% and 11.00%, and 100% of any excess earnings above 11.00%. As of December 31, 2017, WPL has not deferred any 2017 earnings for this provision. Refer to Note 7 for details of WPL's regulatory limitation on distributions of common stock dividends to its parent company in 2018.

The order reflected the impact of the transfer of WPL's investment in ATC to ATI on December 31, 2016 as discussed in Note 6(a), approved changes to depreciation rates pursuant to a September 2016 PSCW order, continued escrow treatment of transmission and energy conservation charges, and application of AFUDC rates to 100% of the retail portion of the CWIP balances for West Riverside. The order also requires deferral of any potential changes in revenue requirement due to anticipated increases in WPL's ownership share of Columbia resulting from the West Riverside agreements WPL previously entered into with neighboring utilities. As of December 31, 2017, WPL's deferral amount related to such provision was not material. The order also approved changes to retail rates, which result in a higher percentage of costs being recovered from customers through fixed and demand charges.

**WPL's Retail Electric and Gas Rate Review (2015/2016 Test Period)** - Refer to Note 2 for details of a July 2014 PSCW order, which included a provision that required WPL to defer a portion of its earnings if its annual regulatory return on common equity exceeded 10.65% during 2015 and 2016. As of December 31, 2017, Alliant Energy and WPL deferred \$5 million of WPL's 2016 earnings for this provision, which WPL currently expects will be refunded to its customers in a future rate review or other proceeding.



**IPL's 2014 Retail Electric Rate Settlement Agreement** - The IUB approved a settlement agreement in 2014 related to rates charged to IPL's Iowa retail electric customers. The settlement agreement extended IPL's Iowa retail electric base rates authorized in its 2009 Test Year rate review through 2016 and provided targeted retail electric customer billing credits of \$105 million in aggregate. In 2016, 2015 and 2014, IPL recorded \$9 million, \$24 million and \$72 million of such credits, respectively.

**WPL's Retail Fuel-related Rate Filings** - Refer to Note 2 for discussion of WPL's retail fuel-related rate filings for Test Years 2016 through 2018.

**Tax Reform** - In January 2018, the IUB issued an order initiating investigation of the impacts of Tax Reform. The order requires IPL and other investor-owned utilities in Iowa to track all calculated differences since January 1, 2018 resulting from Tax Reform, such that any over-collections can be refunded to its customers at a future date, if appropriate. In January 2018, the PSCW issued an order directing WPL and other investor-owned utilities in Wisconsin to defer and to accrue carrying costs on the revenue requirement impacts resulting from Tax Reform since its inception. IPL and WPL are working with the IUB and PSCW, respectively, to determine the amount and appropriate mechanism to provide these benefits to their customers. Refer to Note 11 for further discussion of customer benefits related to Tax Reform.

**Depreciation Studies** - In September 2016, the PSCW issued an order approving the implementation of updated depreciation rates for WPL effective January 1, 2017 as a result of a recently completed depreciation study. The September 2016 PSCW order also authorized WPL to recover the remaining net book value of Edgewater Unit 4 over a 10-year period beginning the later of the retirement date of the EGU or January 1, 2019. In December 2016, FERC issued an order approving the implementation and inclusion of the updated depreciation rates in WPL's wholesale formula rates effective January 1, 2017.

Refer to Note 1(e) for discussion of the IUB's February 2018 order approving the implementation of updated depreciation rates for IPL, which are currently expected to be effective in the first half of 2018, as a result of a recently completed depreciation study.

**IPL's Tax Benefit Riders** - The IUB has approved electric and gas tax benefit riders proposed by IPL, which utilize regulatory liabilities generated from tax benefits and rate-making accounting changes to credit bills of IPL's Iowa retail electric customers (beginning in 2011) and gas customers (beginning in 2013) to help offset the impact of rate increases on such customers. IPL's tax benefit riders regulatory liability account has been, and plans to be, utilized to credit bills of Iowa retail electric and gas customers as follows (in millions):

	Electric	Gas	Total
Regulatory liability account balance approved by IUB	\$520	\$55	\$575
2011 through 2017 customer billing credits	(509)	(53)	(562)
Regulatory liability benefits recorded in 2017 from rate-making accounting change	16	1	17
Tax Reform adjustment recorded in 2017	(5)	—	(5)
2018 customer billing credits (estimate)	(19)	(3)	(22)
Remaining balance available for future periods	<u>\$3</u>	<u>\$—</u>	<u>\$3</u>

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

#### **Planned Utility Rate Reviews -**

**IPL's Retail Gas Rate Review (2017 Test Year)** - IPL currently expects to make a retail gas rate filing in the second quarter of 2018 based on a 2017 historical Test Year. The key drivers for the anticipated filing include recovery of capital projects, partially offset by the benefits of Tax Reform. Any rate changes are expected to be implemented in two phases with interim rates effective approximately 10 days after the filing and final rates effective after IUB approval. The IUB must decide on requests for retail rate changes within 10 months of the date of the application for which changes are filed, or the interim rates granted become permanent.

**WPL's Retail Electric and Gas Rate Review (2019/2020 Test Period)** - WPL currently expects to make a retail electric and gas rate filing in the second quarter of 2018 for the 2019/2020 Test Period. The key drivers for the anticipated filing include recovery of capital projects, offset by the benefits of Tax Reform and fuel-related cost savings. Any rate changes granted from this request are expected to be effective on January 1, 2019. WPL currently expects a decision from the PSCW regarding this rate filing by the end of 2018.

**Rate Review Details** - Details related to IPL's and WPL's key jurisdictions were as follows (Common Equity (CE); Preferred Equity (PE); Long-term Debt (LD); Short-term Debt (SD)):

Jurisdictions	Test Period/Year	Authorized Return on Common Equity (a)	Regulatory Capital Structure				After-tax WACC	Average Rate Base (in millions)
			CE	PE	LD	SD		
IPL:								
Iowa retail (IUB):								
Electric:								
Marshalltown	2016	11.00%	49.0%	4.2%	46.8%	N/A	7.99%	\$597 (b)
Emery	2016	12.23%	49.0%	4.2%	46.8%	N/A	8.59%	197 (b)
Whispering Willow - East	2016	11.70%	49.0%	4.2%	46.8%	N/A	8.33%	213 (b)
Other	2016	9.60%	49.0%	4.2%	46.8%	N/A	7.30%	3,020 (b)
Gas (c)	2011	9.56%	48.8%	5.0%	46.2%	N/A	7.76%	255 (b)
Wholesale electric (FERC) (d)	2017	10.97%	48.3%	4.0%	47.7%	N/A	7.75%	141 (e)
WPL:								
Wisconsin retail (PSCW):								
Electric	2018	10.00%	52.2%	N/A	45.2%	2.6%	7.59%	2,851 (f)
Gas	2018	10.00%	52.2%	N/A	45.2%	2.6%	7.59%	284 (f)
Wholesale electric (FERC) (g)	2017	10.90%	55.0%	N/A	45.0%	N/A	8.30%	274 (e)

- (a) Authorized returns on common equity may not be indicative of actual returns earned or projections of future returns.
- (b) Average rate base was calculated using balances as of the end of the test year, adjusted for post-test year capital additions placed in service by September 30 following the end of the test year.
- (c) Authorized returns on common equity and after-tax WACC reflect application of double leverage pursuant to the unanimous settlement agreement approved in the IUB's November 2012 order. Prior to the application of double leverage, authorized return on common equity was 10.0% and after-tax WACC was 8.0%.
- (d) IPL's wholesale formula rates reflect annual changes in CE, PE, LD, WACC and estimated rate base, effective July 1, 2018.
- (e) Wholesale average rate base reflects production-related rate base calculated as the simple average of the beginning of the test year and end of the test year balances in accordance with the respectively approved formula rates.
- (f) Average rate base amounts do not include CWIP or a cash working capital allowance and were calculated using a forecasted 13-month average for the test period. The PSCW provides a return on selected CWIP and a cash working capital allowance by adjusting the percentage return on rate base.
- (g) WPL's wholesale formula rates reflect annual changes in WACC and rate base, which includes the wholesale jurisdictional share impacted by the departure of a wholesale customer in 2017.

## ENVIRONMENTAL MATTERS

**Overview** - Alliant Energy, IPL and WPL are subject to regulation of environmental matters by federal, state and local authorities as a result of their current and past operations. Alliant Energy, IPL and WPL monitor these environmental matters and address them by installing controls that reduce emissions and by implementing operational modifications or other measures to address compliance obligations. There is currently significant regulatory uncertainty with respect to a number of environmental rules and regulations discussed below. Given the dynamic nature of environmental regulations and other related regulatory requirements, Alliant Energy, IPL and WPL have compliance plans to address these environmental obligations. Prudent expenditures incurred by IPL and WPL to comply with environmental requirements would likely be recovered in rates from their customers. Refer to "Strategic Overview" for details of environmental compliance plans. The following are major environmental matters that could potentially have a significant impact on financial condition and results of operations.

**Air Quality** - The CAA and its amendments mandate preservation or enhancement of air quality through existing regulations and periodic reviews to ensure adequacy of the CAA provisions based on scientific data. As part of the basic framework under the CAA, the EPA is required to establish NAAQS, which serve to protect public health and welfare. These standards address six "criteria" pollutants, four of which (NO<sub>x</sub>, SO<sub>2</sub>, particulate matter and ozone) are particularly relevant to electric utility operations. Ozone is not directly emitted from EGUs; however, NO<sub>x</sub> emissions may contribute to its formation in the atmosphere. Fine particulate matter may also be formed in the atmosphere from SO<sub>2</sub> and NO<sub>x</sub> emissions. Alliant Energy, IPL and WPL also maintain compliance with additional emissions standards that apply under the CAA regulatory framework beyond NAAQS. The specific federal and state air quality rules that may materially affect future operations are listed in the table below. Refer to the sections below the following table for detailed discussion of these air quality rules.

Environmental Rule	Emissions Regulated	Alliant Energy's Primary Facilities Potentially Affected	Actual/Anticipated Compliance Deadline
CSAPR	SO <sub>2</sub> , NO <sub>x</sub>	Fossil-fueled EGUs over 25 MW capacity in IA and WI	Phase I - 2015; Phase II - 2017
CAA Section 111(d)	CO <sub>2</sub>	Existing fossil-fueled EGUs over 25 MW capacity	Phase I - 2022-2029; Phase II - 2030
CAA Section 111(b)	CO <sub>2</sub>	IPL's Marshalltown facility and WPL's West Riverside facility	Upon startup of EGU

**CSAPR** - CSAPR is a regional SO<sub>2</sub> and NO<sub>x</sub> cap-and-trade program, where compliance with emission limits may be achieved by purchasing emission allowances and/or reducing emissions through changes in operations or the additions of environmental controls. CSAPR emission allowances may be banked for future year compliance. CSAPR establishes state-specific annual SO<sub>2</sub> and NO<sub>x</sub> emission caps and ozone season NO<sub>x</sub> emission caps. Compliance with CSAPR emission limits began in 2015, with additional emission limits reductions beginning in 2017. Alliant Energy, IPL and WPL are currently in compliance with applicable CSAPR emission limits. Alliant Energy, IPL and WPL will continue to monitor legal and regulatory developments related to CSAPR and currently expect to continue meeting the existing CSAPR compliance requirements.

**GHG Emissions** - There is continued debate regarding the public policy response that the U.S. should adopt to address climate change, involving both domestic actions and international efforts. In 2007, the Supreme Court provided direction on the EPA's authority to regulate GHG and ruled that these emissions are covered by the CAA. In 2009, the EPA issued a ruling that found GHG emissions contribute to climate change, and therefore, threaten public health and welfare, which was the prerequisite for implementing carbon reduction standards under the CAA. While the EPA's rules to regulate GHG issued under the authority of the CAA remain subject to further review, growing awareness of climate change is driving efforts to decarbonize the environment through voluntary emissions reductions. The primary GHG emitted from Alliant Energy's, IPL's and WPL's utility operations is CO<sub>2</sub> from the combustion of fossil fuels at their larger EGUs. Refer to "Strategic Overview" for discussion of Alliant Energy's, IPL's and WPL's voluntary target to reduce CO<sub>2</sub> emissions, as well as their long-term strategy to meet the energy needs of customers while recognizing the importance of using resources in efficient and environmentally responsible ways.

Clean Air Act Section 111(d) - In 2015, the EPA published final standards under Section 111(d) of the CAA, referred to as the Clean Power Plan, which establish guidelines for states to follow in developing plans to reduce CO<sub>2</sub> emissions from existing fossil-fueled EGUs. In 2016, the Supreme Court issued a stay of the Clean Power Plan, which placed implementation of the final standards on hold indefinitely. The EPA is currently expected to publish a proposed Clean Power Plan replacement, as well as repeal the original Clean Power Plan, in 2018. Litigation related to the Clean Power Plan is suspended while the EPA proceeds with its repeal and replacement rulemaking processes. Alliant Energy, IPL and WPL are currently unable to predict with certainty the final outcome of the Clean Power Plan, or the impact of the final compliance requirements on their financial condition and results of operations, but expect that expenditures to comply with such requirements could be significant.

Clean Air Act Section 111(b) - In 2015, the EPA published final standards under Section 111(b) of the CAA, which establish CO<sub>2</sub> emissions limits for certain new fossil-fueled EGUs. Marshalltown and West Riverside are subject to the EPA's Section 111(b) regulation and have been designed to achieve compliance with these standards. Litigation related to Section 111(b) is suspended while the EPA proceeds with an administrative review of Section 111(b). Given the EPA's Section 111(b) rulemaking remains subject to the EPA's review, Alliant Energy, IPL and WPL are currently unable to predict with certainty the impact of these standards.

In addition, in order for the EPA to regulate existing fossil-fueled EGUs under Section 111(d) of the CAA, the EPA must have valid regulation of new fossil-fueled EGUs under Section 111(b) of the CAA. If Section 111(b) is vacated, the EPA's ability to implement regulations for CO<sub>2</sub> emissions at existing fossil-fueled EGUs, as well as any future Clean Power Plan replacement rule, could be limited.

**WPL Consent Decree** - Refer to Note 16(e) for discussion of a Consent Decree approved by the U.S. District Court for the Western District of Wisconsin in 2013 and WPL's obligations thereunder. The Consent Decree resolves a notice of violation issued by the EPA in 2009 and complaints filed by the Sierra Club in 2010 regarding alleged air permitting violations at Columbia, Edgewater and Nelson Dewey.

**IPL Consent Decree** - Refer to Note 16(e) for discussion of a Consent Decree approved by the U.S. District Court for the Northern District of Iowa in 2015 and IPL's obligations thereunder. The Consent Decree resolves potential CAA issues associated with emissions from IPL's coal-fired generating facilities in Iowa.



## **Water Quality -**

**Effluent Limitation Guidelines** - In 2015, the EPA published final effluent limitation guidelines, which are expected to require changes to discharge limits for wastewater from certain IPL and WPL steam generating facilities. Compliance with the final guidelines for existing steam generating facilities is determined by each facility's wastewater discharge permit, and will be required by December 31, 2023. Effective January 2016, compliance for new steam generating facilities is required immediately upon operation. Projects required for compliance with these guidelines are facility specific. Alliant Energy, IPL and WPL currently believe the expenditures to comply with these guidelines could be significant.

## **Land and Solid Waste -**

**Coal Combustion Residuals Rule** - The final CCR Rule, which regulates CCR as a non-hazardous waste, was published and became effective in 2015. IPL and WPL have seven and three coal-fired EGUs, respectively, with coal ash ponds that are impacted by this rule. In addition, IPL and WPL have three and two active CCR landfills, respectively, that are impacted by this rule. Actual costs resulting from the CCR Rule may be different than the amounts recorded due to potential changes in compliance strategies that will be used, as well as other potential cost estimate changes. Expenditures incurred by IPL and WPL to comply with the CCR Rule are anticipated to be recovered in rates from their customers.

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

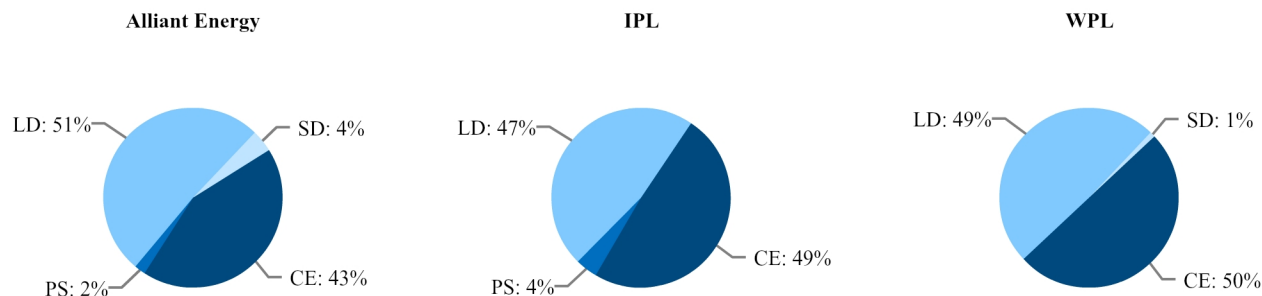
**Other** - Refer to Note 16(e), "Strategic Overview" and "Liquidity and Capital Resources" for further discussion of environmental matters, including discussion of specific projects and the associated estimated capital expenditures.

## **LIQUIDITY AND CAPITAL RESOURCES**

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

**Liquidity Position** - At December 31, 2017, Alliant Energy had \$28 million of cash and cash equivalents, \$680 million (\$105 million at the parent company, \$250 million at IPL and \$325 million at WPL) of available capacity under the single revolving credit facility and \$92 million of available capacity at IPL under its sales of accounts receivable program. Refer to "Short-term Debt" below and Note 9(a) for further discussion of the credit facility. Refer to Note 5(b) for additional information on IPL's sales of accounts receivable program.

**Capital Structure** - Alliant Energy, IPL and WPL plan to maintain debt-to-total capitalization ratios that are consistent with investment-grade credit ratings. IPL and WPL expect to maintain capital structures consistent with their authorized levels. Alliant Energy expects to maintain consolidated debt at approximately 55% of total capital and consolidated preferred stock at less than 10% of total capital. These targets may be adjusted depending on subsequent developments and the impact on their respective WACC and investment-grade credit ratings. Capital structures as of December 31, 2017 were as follows (Common Equity (CE); IPL's Preferred Stock (PS); Long-term Debt (including current maturities) (LD); Short-term Debt (SD)):



Alliant Energy, IPL and WPL intend to manage their capital structures and liquidity positions in such a way that facilitates their ability to raise the necessary funds reliably and on reasonable terms and conditions, while maintaining capital structures consistent with those approved by regulators. In addition to capital structures, other important factors used to determine the characteristics of future financings include financial coverage ratios, capital spending plans, regulatory orders and rate-making considerations, levels of debt imputed by rating agencies, market conditions, the impact of tax initiatives and

legislation, and anticipated proceeds from asset sales. The PSCW factors certain imputed debt adjustments in establishing a regulatory capital structure as part of WPL's retail rate reviews. The IUB does not make any explicit adjustments for imputed debt in establishing capital ratios used in determining customer rates, although such adjustments are considered by IPL in recommending an appropriate capital structure. The most significant debt imputations by rating agencies or state regulators relate to the DAEC PPA, pension and OPEB obligations and the sales of accounts receivable program.

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

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

**Tax Reform** - In December 2017, Tax Reform was enacted. The net impacts of re-measuring deferred taxes associated with regulated utility operations were recorded in regulatory assets and regulatory liabilities and will be utilized to provide benefits to customers in the future. Alliant Energy, IPL and WPL are awaiting decisions from state and federal regulators regarding the timing, amount and method of delivering net tax benefits from utility operations to its utility customers; however, impacts from these decisions may include changes in cash flow from operations, credit ratings, liquidity, and capital needs. Alliant Energy, IPL and WPL are currently unable to quantify these impacts. Refer to Note 11 for further discussion of Tax Reform.

**Cash Flows** - Selected cash flows information was as follows (in millions):

	Alliant Energy			IPL			WPL		
	2017	2016	2015	2017	2016	2015	2017	2016	2015
Cash and cash equivalents, January 1	\$8.2	\$5.8	\$56.9	\$3.3	\$4.5	\$5.3	\$4.2	\$0.4	\$46.7
Cash flows from (used for):									
Operating activities	983.4	859.6	871.2	440.0	361.9	385.0	465.7	521.4	449.8
Investing activities	(1,496.3)	(1,186.5)	(919.2)	(706.4)	(693.6)	(511.9)	(665.7)	(478.9)	(358.2)
Financing activities	532.6	329.3	(3.1)	266.7	330.5	126.1	218.9	(38.7)	(137.9)
Net increase (decrease)	19.7	2.4	(51.1)	0.3	(1.2)	(0.8)	18.9	3.8	(46.3)
Cash and cash equivalents, December 31	\$27.9	\$8.2	\$5.8	\$3.6	\$3.3	\$4.5	\$23.1	\$4.2	\$0.4

**Operating Activities** - The following items contributed to increased (decreased) operating activity cash flows (in millions):

2017 vs. 2016	Alliant Energy	IPL	WPL
Higher collections at IPL due to interim retail electric base rate increase effective April 13, 2017	\$77	\$77	\$—
Higher collections at WPL due to new retail electric and gas base rates in 2017	72	—	72
Changes in cash collateral balances	30	—	—
Timing of WPL's fuel-related cost recoveries from customers	(50)	—	(50)
Changes in the level of cash proceeds from IPL's sales of accounts receivable	(25)	(25)	—
Lower distributions received at WPL from its investment in ATC due to the transfer of the investment in ATC to ATI on December 31, 2016	—	—	(27)
Changes in income taxes paid/refunded	(1)	20	(36)
Other (primarily due to other changes in working capital)	21	6	(15)
	\$124	\$78	(\$56)

<b>2016 vs. 2015</b>	Alliant Energy	IPL	WPL
Decreased collections from IPL's retail customers due to increased past due amounts	(\$33)	(\$33)	\$—
Changes in cash collateral balances	(27)	—	—
Changes in income taxes paid/refunded	(10)	(30)	35
Changes in the level of cash proceeds from IPL's sales of accounts receivable	33	33	—
Timing of WPL's fuel-related cost recoveries from customers	17	—	17
Changes in collections at IPL from higher revenues from retail electric customer billing credits related to the approved retail electric base rate freeze through 2016	15	15	—
Other (includes other changes in working capital largely related to changes in inventory levels)	(7)	(8)	20
	<u>(\$12)</u>	<u>(\$23)</u>	<u>\$72</u>

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

	2017	2016	2015
IPL	\$9	(\$11)	\$19
WPL	(8)	28	(7)
Other subsidiaries	(12)	(27)	(12)
Alliant Energy	<u>(\$11)</u>	<u>(\$10)</u>	<u>\$—</u>

Alliant Energy, IPL and WPL currently do not expect to make any significant federal income tax payments through 2024 based on their current federal net operating loss and credit carryforward positions. While no significant federal income tax payments through 2024 are expected to occur, some tax payments and refunds may occur for state taxes and between consolidated group members (including IPL and WPL) under the tax sharing agreement between Alliant Energy and its subsidiaries. Refer to Note 11 for discussion of the carryforward positions.

Pension Plan Contributions - Alliant Energy, IPL and WPL currently do not expect to make any significant pension plan contributions in 2018 based on the funded status and assumed return on assets for each plan as of the December 31, 2017 measurement date. Refer to Note 12(a) for discussion of the current funded levels of pension plans.

**Investing Activities** - The following items contributed to increased (decreased) investing activity cash flows (in millions):

<b>2017 vs. 2016</b>	Alliant Energy	IPL	WPL
Lower (higher) utility construction expenditures (a)	(\$151)	\$14	(\$184)
Non-utility wind investment in Oklahoma (Refer to Note 6(a) for details)	(98)	—	—
Proceeds from the liquidation of company-owned life insurance policies in 2016	(31)	(19)	—
Other	(30)	(8)	(3)
	<u>(\$310)</u>	<u>(\$13)</u>	<u>(\$187)</u>
<b>2016 vs. 2015</b>	Alliant Energy	IPL	WPL
Higher utility construction expenditures (b)	(\$171)	(\$70)	(\$109)
Proceeds from IPL's Minnesota distribution asset sales in 2015 (Refer to Note 3 for details)	(140)	(140)	—
Proceeds from the liquidation of company-owned life insurance policies in 2016	31	19	—
Other	13	9	(12)
	<u>(\$267)</u>	<u>(\$182)</u>	<u>(\$121)</u>

- (a) Largely due to higher expenditures for WPL's West Riverside facility, IPL's and WPL's electric and gas distribution systems and IPL's expansion of wind generation, partially offset by lower expenditures for IPL's Marshalltown facility.
- (b) Largely due to higher expenditures for IPL's expansion of wind generation, IPL's and WPL's electric and gas distribution systems, and WPL's West Riverside facility, partially offset by lower expenditures for IPL's Marshalltown facility and environmental controls projects at WPL's Edgewater Unit 5.

Construction and Acquisition Expenditures - Construction and acquisition expenditures and financing plans are reviewed, approved and updated as part of the financial planning processes. Changes may result from a number of reasons, including regulatory requirements, changing legislation, not obtaining favorable and acceptable regulatory approval on certain projects, improvements in technology, improvements to ensure reliability of the electric and gas distribution systems, and new opportunities. Alliant Energy, IPL and WPL have not yet entered into contractual commitments relating to the majority of their anticipated future construction and acquisition expenditures. As a result, they have some discretion with regard to the level and timing of these expenditures. The table below summarizes anticipated construction and acquisition expenditures (in

millions). Cost estimates represent Alliant Energy's, IPL's and WPL's portion of total escalated construction expenditures and exclude AFUDC and capitalized interest, if applicable. Such estimates reflect impacts to Alliant Energy's and WPL's capital expenditures resulting from purchase options by certain electric cooperatives for a partial ownership interest in West Riverside, as well as additional capital expenditures related to Columbia that WPL is expected to incur related to agreements entered into with WPSC and MGE. Refer to "Strategic Overview" for further discussion of certain key projects impacting construction and acquisition plans related to the utility business.

	Alliant Energy				IPL				WPL			
	2018	2019	2020	2021	2018	2019	2020	2021	2018	2019	2020	2021
Generation:												
Renewable projects	\$655	\$850	\$140	\$85	\$565	\$725	\$50	\$85	\$90	\$125	\$90	\$—
West Riverside	225	90	10	—	—	—	—	—	225	90	10	—
Other	140	95	150	140	60	50	80	75	80	45	70	65
Distribution:												
Electric systems	440	435	485	560	260	250	290	345	180	185	195	215
Gas systems	130	95	90	115	75	50	55	65	55	45	35	50
Other	130	110	125	100	25	20	25	20	10	10	10	10
	<u>\$1,720</u>	<u>\$1,675</u>	<u>\$1,000</u>	<u>\$1,000</u>	<u>\$985</u>	<u>\$1,095</u>	<u>\$500</u>	<u>\$590</u>	<u>\$640</u>	<u>\$500</u>	<u>\$410</u>	<u>\$340</u>

**Financing Activities** - The following items contributed to increased (decreased) financing activity cash flows (in millions):

<b>2017 vs. 2016</b>	Alliant Energy	IPL	WPL
Lower payments to retire long-term debt	\$309	\$—	\$—
Higher net proceeds from common stock issuances	123	—	—
Net changes in the amount of commercial paper outstanding and other short-term borrowings outstanding	87	—	(60)
Higher (lower) net proceeds from issuance of long-term debt	(250)	(50)	300
Higher capital contributions from IPL's and WPL's parent company, Alliant Energy	—	10	30
Other (includes higher dividend payments in 2017)	(66)	(24)	(12)
	<u>\$203</u>	<u>(\$64)</u>	<u>\$258</u>
<b>2016 vs. 2015</b>	Alliant Energy	IPL	WPL
Proceeds from long-term debt issued in 2016 (Refer to "Long-term Debt" below)	\$800	\$300	\$—
Payments to retire long-term debt in 2015 (Refer to "Long-term Debt" below)	181	150	31
Net changes in the amount of commercial paper outstanding	66	—	13
Payments to retire long-term debt in 2016 (Refer to "Long-term Debt" below)	(310)	—	—
Proceeds from long-term debt issued in 2015 (Refer to "Long-term Debt" below)	(250)	(250)	—
Lower net proceeds from common stock issuances	(125)	—	—
Higher capital contributions from IPL's and WPL's parent company, Alliant Energy	—	25	60
Other (includes higher dividend payments in 2016)	(30)	(21)	(5)
	<u>\$332</u>	<u>\$204</u>	<u>\$99</u>

**FERC and Public Utility Holding Company Act Financing Authorizations** - Under the Public Utility Holding Company Act of 2005, FERC has authority over the issuance of utility securities, except to the extent that a public utility's primary state regulatory commission has retained jurisdiction over such matters. FERC currently has authority over the issuance of securities by IPL. FERC does not have authority over the issuance of securities by Alliant Energy, WPL, AEF or Corporate Services.

In November 2017, IPL received authorization, and has current remaining authority, from FERC through December 31, 2019 for the following (in millions):

Long-term debt securities issuances in aggregate	\$1,100
Short-term debt securities outstanding at any time (including borrowings from its parent)	300
Preferred stock issuances in aggregate	300



State Regulatory Financing Authorizations - In August 2017, WPL received authorization from the PSCW to have up to \$400 million of short-term borrowings and/or letters of credit outstanding at any time through the earlier of the expiration date of WPL's credit facility agreement (including extensions) or December 2024. In December 2016, WPL received authorization from the PSCW to issue up to \$1 billion of long-term debt securities in aggregate during 2017 through 2019, with no more than \$650 million to be issued in any year. WPL's current remaining authority for issuances of long-term debt securities is \$700 million in aggregate through 2019.

Shelf Registrations - Alliant Energy, IPL and WPL have current shelf registration statements on file with the SEC for availability to issue unspecified amounts of securities through December 2020. Alliant Energy's shelf registration statement may be used to issue common stock, debt and other securities. IPL's and WPL's shelf registration statements may be used to issue preferred stock and debt securities.

Common Stock Dividends - Payment of common stock dividends is subject to dividend declaration by Alliant Energy's Board of Directors. Alliant Energy's general long-term goal is to maintain a dividend payout ratio that is competitive with the industry average. Based on that, Alliant Energy's goal is to maintain a dividend payout ratio of approximately 60% to 70% of consolidated earnings from continuing operations. IPL's and WPL's goal is to maintain dividend payout ratios of approximately 65% to 75%. Alliant Energy's, IPL's and WPL's dividend payout ratios were 63%, 72% and 67% of their consolidated earnings from continuing operations in 2017, respectively. Refer to "Executive Overview" for discussion of expected common stock dividends in 2018. Refer to Note 7 for discussion of IPL's and WPL's dividend payment restrictions based on the terms of applicable regulatory limitations and IPL's outstanding preferred stock.

Common Stock Issuances - Refer to Note 7 for discussion of common stock issuances by Alliant Energy in 2015 through 2017. Refer to "Executive Overview" for discussion of expected issuances of common stock in 2018.

Short-term Debt - In August 2017, Alliant Energy, IPL and WPL entered into a single new revolving credit facility agreement, which expires in August 2022, to provide short-term borrowing flexibility and backstop liquidity for commercial paper outstanding. As of December 31, 2017, the short-term borrowing capacity totaled \$1 billion (\$400 million for Alliant Energy at the parent company level, \$250 million for IPL and \$350 million for WPL). There are currently 13 lenders that participate in the credit facility, with aggregate respective commitments ranging from \$20 million to \$130 million. The credit facility includes a \$100 million letter of credit commitment and \$50 million swingline commitment, which are available to each of Alliant Energy, IPL and WPL. Subject to certain conditions, Alliant Energy, IPL and WPL may each reallocate and change its sublimit up to \$500 million, \$400 million and \$500 million, respectively, within the \$1 billion total commitment. Subject to certain conditions, Alliant Energy, IPL and WPL may exercise two extension options, each extending the maturity date by one year. The credit facility has a provision to expand the facility size up to an additional \$300 million, for a potential total commitment of \$1.3 billion, subject to lender approval for Alliant Energy and subject to lender and regulatory approvals for IPL and WPL.

The credit agreement contains provisions that prohibit placing liens on any of the property of Alliant Energy, IPL or WPL or their respective subsidiaries with certain exceptions. Exceptions include among others, liens to secure obligations of up to 10% of the consolidated tangible assets of the applicable borrower (valued at carrying value), liens imposed by government entities, materialmen's and similar liens, judgment liens, liens to secure additional non-recourse debt not to exceed \$100 million outstanding at any one time at each of Alliant Energy, IPL and WPL, and purchase money liens.

The credit agreement contains provisions that require, during its term, any proceeds from asset sales, with certain exclusions, in excess of 25% of Alliant Energy's, IPL's and WPL's respective consolidated assets be used to reduce certain of their respective debt commitments. Exclusions include, among others, certain sale and lease-back transactions, sales of non-utility assets, intercompany asset sales and sales of certain contracts and accounts receivable.

The credit agreement contains customary events of default, including a cross-default provision that would be triggered if Alliant Energy or certain of its significant subsidiaries (including IPL and WPL) defaults on debt (other than non-recourse debt) totaling \$100 million or more. IPL and WPL are subject to a similar cross-default provision with respect to their own respective consolidated debt. A default by Alliant Energy or its non-utility subsidiaries would not trigger a cross-default at IPL or WPL, nor would a default by either of IPL or WPL constitute a cross-default event for the other. If an event of default under the credit agreement occurs and is continuing, then the lenders may declare any outstanding obligations of the defaulting borrower under the credit agreement immediately due and payable. In addition, if an order for relief is entered under bankruptcy laws with respect to (a) Alliant Energy, IPL or WPL, then any outstanding obligations of Alliant Energy under the credit agreement would be immediately due and payable, or (b) IPL or WPL, then any outstanding obligations of IPL or WPL, respectively, under the credit agreement would be immediately due and payable.

A material adverse change representation is not required for borrowings under the credit agreement.

Refer to Note 9(a) for discussion of financial covenants required under the credit agreement, as well as additional information on the credit facility, commercial paper outstanding and AEF's \$95 million, 364-day variable-rate term loan credit agreement related to the acquisition of an equity ownership interest in a non-utility wind farm located in Oklahoma. At December 31, 2017, Alliant Energy, IPL and WPL were in compliance with financial covenants of the credit agreement.

**Long-term Debt** - Refer to Note 9(b) for discussion of IPL's and WPL's issuances of long-term debt in 2017. Significant issuances of long-term debt in 2016 and 2015 were as follows (dollars in millions):

Company	Principal Amount	Type	Interest Rate	Maturity Date	Use of Proceeds
<b>2016:</b>					
AEF	\$500	Variable-rate term loan credit agreement	2% at December 31, 2017	Oct-2018	Retire borrowings under Alliant Energy's and Franklin County Holdings LLC's variable-rate term loan credit agreements that matured in 2016, reduce outstanding commercial paper and for general corporate purposes
IPL	300	Senior debentures	3.7%	Sep-2046	Reduce cash amounts received from its sales of accounts receivable program, reduce commercial paper classified as long-term debt and for general corporate purposes
<b>2015:</b>					
IPL	250	Senior debentures	3.4%	Aug-2025	Reduce commercial paper classified as long-term debt, reduce cash amounts received from its sales of accounts receivable program and for general corporate purposes

AEF's \$500 million term loan credit agreement (with Alliant Energy as guarantor) includes substantially the same covenants and events of default included in the revolving credit facility financial covenants discussed above and in Note 9(a). At December 31, 2017, Alliant Energy was in compliance with financial covenants of the term loan credit agreement.

There were no significant retirements of long-term debt in 2017. Significant retirements of long-term debt in 2016 and 2015 were as follows (dollars in millions):

Company	Principal Amount	Type	Interest Rate	Retirement Date
<b>2016:</b>				
Alliant Energy	\$250	Variable-rate term loan credit agreement	1% at December 31, 2015	Oct-2016
Franklin County Holdings LLC	60	Variable-rate term loan credit agreement	1% at December 31, 2015	Oct-2016
<b>2015:</b>				
IPL	150	Senior debentures	3.3%	Jun-2015
WPL	16	Pollution control revenue bonds	5%	Sep-2015
WPL	15	Pollution control revenue bonds	5.375%	Aug-2015

Refer to Note 9(b) for further discussion of long-term debt and "Executive Overview" for discussion of expected issuances of long-term debt in 2018.

#### **Impact of Credit Ratings on Liquidity and Collateral Obligations -**

**Ratings Triggers** - The long-term debt of Alliant Energy and its subsidiaries is not subject to any repayment requirements as a result of explicit credit rating downgrades or so-called "ratings triggers." However, Alliant Energy and its subsidiaries are parties to various agreements that contain provisions dependent on credit ratings. In the event of a significant downgrade, Alliant Energy or its subsidiaries may need to provide credit support, such as letters of credit or cash collateral equal to the amount of the exposure, or may need to unwind the contract or pay the underlying obligation. In the event of a significant downgrade, management believes Alliant Energy, IPL and WPL have sufficient liquidity to cover counterparty credit support or collateral requirements under these various agreements. In addition, a downgrade in the credit ratings of Alliant Energy, IPL or WPL, including those that may result from the impacts of Tax Reform, could also result in them paying higher interest rates in future financings, reduce flexibility with future financing plans, reduce their pool of potential lenders, increase their borrowing costs under existing credit facilities or limit their access to the commercial paper market. Credit ratings and outlooks as of the date of this report are as follows:

	Standard & Poor's Ratings Services	Moody's Investors Service
Alliant Energy: Corporate/issuer	A-	Baa1
Commercial paper	A-2	P-2
Senior unsecured long-term debt	N/A	N/A
Outlook	Stable	Stable
IPL: Corporate/issuer	A-	Baa1
Commercial paper	A-2	P-2
Senior unsecured long-term debt	A-	Baa1
Preferred stock	BBB	Baa3
Outlook	Stable	Stable
WPL: Corporate/issuer	A	A2
Commercial paper	A-1	P-1
Senior unsecured long-term debt	A	A2
Outlook	Stable	Stable

Credit ratings are not recommendations to buy or sell securities and are subject to change, and each rating should be evaluated independently of any other rating. Each of Alliant Energy, IPL or WPL assumes no obligation to update their respective credit ratings. Refer to Note 15 for additional information on ratings triggers for commodity contracts accounted for as derivatives.

#### **Off-Balance Sheet Arrangements -**

**Special Purpose Entities** - IPL maintains a Receivables Agreement whereby it may sell its customer accounts receivables, unbilled revenues and certain other accounts receivables to a third party through wholly-owned and consolidated special purpose entities. The purchase commitment from the third party to which IPL sells its receivables expires in March 2018. IPL currently expects to amend and extend the purchase commitment. In 2017, 2016 and 2015, IPL evaluated the third party that purchases IPL's receivable assets under the Receivables Agreement and believes that the third party is a VIE. However, IPL concluded consolidation of the third party was not required.

In addition, IPL's sales of accounts receivable program agreement contains a cross-default provision that is triggered if IPL or Alliant Energy incurs an event of default on debt totaling \$50 million or more. If an event of default under IPL's sales of accounts receivable program agreement occurs, then the counterparty could terminate such agreement. Refer to Note 5(b) for additional information regarding IPL's sales of accounts receivable program.

**Guarantees and Indemnifications** - At December 31, 2017, various guarantees and indemnifications are outstanding related to Alliant Energy's cash equity ownership interest in a non-utility wind farm and Alliant Energy's and IPL's prior divestiture activities. Refer to Note 16(d) for additional information.

#### **Certain Financial Commitments -**

**Contractual Obligations** - Consolidated long-term contractual obligations as of December 31, 2017 were as follows (in millions):

Alliant Energy	2018	2019	2020	2021	2022	Thereafter	Total
Other purchase obligations (Note 16(b))	\$545	\$364	\$292	\$267	\$226	\$716	\$2,410
Long-term debt maturities (Note 9(b))	856	256	357	8	333	3,093	4,903
Interest - long-term debt obligations	217	184	168	157	157	1,998	2,881
Capital purchase obligations (Note 16(a))	82	—	—	—	—	—	82
Operating leases (Note 10)	6	5	2	2	1	13	29
Capital leases	2	1	1	1	—	—	5
	<u>\$1,708</u>	<u>\$810</u>	<u>\$820</u>	<u>\$435</u>	<u>\$717</u>	<u>\$5,820</u>	<u>\$10,310</u>

At December 31, 2017, Alliant Energy, IPL and WPL had no uncertain tax positions recorded as liabilities. Refer to Note 12(a) for anticipated pension and OPEB funding amounts, which are not included in the above table. Refer to "Construction and Acquisition Expenditures" above for additional information on construction and acquisition programs. In addition, at December 31, 2017, there were various other liabilities included on the balance sheet that, due to the nature of the liabilities, the timing of payments cannot be estimated and are therefore excluded from the above table.

## OTHER MATTERS

**Market Risk Sensitive Instruments and Positions** - Primary market risk exposures are associated with commodity prices, investment prices and interest rates. Risk management policies are used to monitor and assist in mitigating these market risks and derivative instruments are used to manage some of the exposures related to commodity prices. Refer to Notes 1(h) and 15 for further discussion of derivative instruments.

**Commodity Price** - Alliant Energy, IPL and WPL are exposed to the impact of market fluctuations in the price and transportation costs of commodities they procure and market. Established policies and procedures mitigate risks associated with these market fluctuations, including the use of various commodity derivatives and contracts of various durations for the forward sale and purchase of these commodities. Exposure to commodity price risks in the utility businesses is also significantly mitigated by current rate-making structures in place for recovery of fuel-related costs as well as the cost of natural gas purchased for resale. IPL's electric and gas tariffs and WPL's wholesale electric and gas tariffs provide for subsequent monthly adjustments to their tariff rates for material changes in prudently incurred commodity costs. IPL's and WPL's rate mechanisms, combined with commodity derivatives, significantly reduce commodity risk associated with their electric and gas margins.

WPL's retail electric margins have modest exposure to the impact of changes in commodity prices due largely to the current retail recovery mechanism in place in Wisconsin for fuel-related costs. In December 2017, the PSCW approved annual forecasted fuel-related costs per MWh of \$26.75 based on \$356 million of variable fuel-related costs applicable for retail and wholesale customers for WPL's 2018 Test Period. The retail portion of the 2018 fuel-related costs will be monitored using an annual bandwidth of plus or minus 2%. Based on the cost recovery mechanism in Wisconsin, the annual forecasted fuel-related costs approved by the PSCW in December 2017 and an annual bandwidth of plus or minus 2%, Alliant Energy and WPL currently estimate the commodity risk exposure to their retail electric margins in 2018 is approximately \$6 million. However, the commodity risk exposure to WPL's electric margins in 2018 could increase if WPL's return on common equity in 2018 exceeds the most recently authorized return on common equity.

Refer to Note 2 for discussion of WPL's retail fuel-related rate filings for Test Years 2016 through 2018, and Note 1(g) for additional details of utility cost recovery mechanisms that significantly reduce commodity risk.

**Investment Price** - Alliant Energy, IPL and WPL are exposed to investment price risk as a result of their investments in securities, largely related to securities held by their pension and OPEB plans. Refer to Note 12(a) for details of the securities held by their pension and OPEB plans. Refer to "Critical Accounting Policies and Estimates" for the impact on retirement plan costs of changes in the rate of returns earned by plan assets.

**Interest Rate** - Alliant Energy, IPL and WPL are exposed to risk resulting from changes in interest rates associated with variable-rate borrowings. In addition, Alliant Energy and IPL are exposed to risk resulting from changes in interest rates on cash amounts outstanding under IPL's sales of accounts receivable program. Assuming the impact of a hypothetical 100 basis point increase in interest rates on variable-rate borrowings and cash proceeds outstanding under IPL's sales of accounts receivable program at December 31, 2017, Alliant Energy's, IPL's and WPL's annual pre-tax expense would increase by approximately \$9 million, \$0 and \$0, respectively. Refer to Notes 5(b) and 9 for additional information on cash proceeds outstanding under IPL's sales of accounts receivable program, and short- and long-term variable-rate borrowings, respectively. Refer to "Critical Accounting Policies and Estimates" for the impacts of changes in discount rates on retirement plan obligations and costs.

**New Accounting Standards** - Refer to Note 1(n) for discussion of new accounting standards impacting Alliant Energy, IPL and WPL.

**Critical Accounting Policies and Estimates** - The preparation of financial statements in conformity with GAAP requires management to apply accounting policies and make estimates that affect results of operations and the amounts of assets and liabilities reported in the financial statements. The following accounting policies and estimates are critical to the business and the understanding of financial results as they require critical assumptions and judgments by management. The results of these assumptions and judgments form the basis for making estimates regarding the results of operations and the amounts of assets and liabilities that are not readily apparent from other sources. Actual financial results may differ materially from these estimates. Management has discussed these critical accounting policies and estimates with the Audit Committee of the Board of Directors. Refer to Note 1 for additional discussion of accounting policies and the estimates used in the preparation of the financial statements.



**Contingencies** - Assumptions and judgments are made each reporting period regarding the future outcome of contingent events. Loss contingency amounts are recorded for any contingent events for which the likelihood of loss is probable and able to be reasonably estimated based upon current available information. The amounts recorded may differ from actuals when the uncertainty is resolved. The estimates made in accounting for contingencies, and the gains and losses that are recorded upon the ultimate resolution of these uncertainties, could have a significant effect on results of operations and the amount of assets and liabilities in the financial statements. Note 16 provides further discussion of contingencies assessed at December 31, 2017, including various pending legal proceedings, guarantees and indemnifications that may have a material impact on financial condition and results of operations.

**Regulatory Assets and Regulatory Liabilities** - IPL and WPL are regulated by various federal and state regulatory agencies. As a result, they are subject to GAAP for regulated operations, which recognizes that the actions of a regulator can provide reasonable assurance of the existence of an asset or liability. Regulatory assets or regulatory liabilities arise as a result of a difference between GAAP and actions imposed by the regulatory agencies in the rate-making process. Regulatory assets generally represent incurred costs that have been deferred as such costs are probable of recovery in future customer rates. Regulatory liabilities generally represent obligations to make refunds to customers or amounts collected in rates for which the related costs have not yet been incurred. Regulatory assets and regulatory liabilities are recognized in accordance with the rulings of applicable federal and state regulators, and future regulatory rulings may impact the carrying value and accounting treatment of regulatory assets and regulatory liabilities.

Assumptions and judgments are made each reporting period regarding whether regulatory assets are probable of future recovery and regulatory liabilities are probable future obligations by considering factors such as regulatory environment changes, rate orders issued by the applicable regulatory agencies, historical decisions by such regulatory agencies regarding similar regulatory assets and regulatory liabilities, and subsequent events of such regulatory agencies. The decisions made by regulatory authorities have an impact on the recovery of costs, the rate of return on invested capital and the timing and amount of assets to be recovered by rates. A change in these decisions may result in a material impact on results of operations and the amount of assets and liabilities in the financial statements. Note 2 provides details of the nature and amounts of regulatory assets and regulatory liabilities assessed at December 31, 2017, as well as discussion of a write-down of regulatory assets in 2017 related to the recovery of Sutherland Units 1 and 3, and AROs deemed no longer probable of recovery in future rates, due to the IPL retail electric rate review settlement, which was approved by the IUB in February 2018.

**Long-Lived Assets** - Periodic assessments regarding the recoverability of certain long-lived assets are completed when factors indicate the carrying value of such assets may be impaired or such assets are planned to be sold. These assessments require significant assumptions and judgments by management. The long-lived assets assessed for impairment generally include certain assets within regulated operations that may not be fully recovered from IPL's and WPL's customers as a result of regulatory decisions in the future, and assets within non-utility operations that are proposed to be sold or are currently generating operating losses.

**Regulated Operations** - Certain long-lived assets within regulated operations are reviewed for possible impairment whenever events or changes in circumstances indicate all or a portion of the carrying value of the assets may be disallowed for rate-making purposes. If IPL or WPL is disallowed recovery of any portion of the carrying value of its regulated property, plant and equipment that is under construction, has been recently completed or is probable of being retired early, an impairment charge is recognized equal to the amount of the carrying value that was disallowed recovery. If IPL or WPL is disallowed a full or partial return on the carrying value of its regulated property, plant and equipment that is under construction, has been recently completed or is probable of being retired early, an impairment charge is recognized equal to the difference between the carrying amount of the asset and the present value of the future revenues expected from its regulated property, plant and equipment. Alliant Energy's, IPL's and WPL's long-lived assets within their regulated operations that were assessed for impairment and plant abandonment in 2017 included IPL's and WPL's generating units subject to early retirement.

**Generating Units Subject to Early Retirement** - Alliant Energy, IPL and WPL evaluate future plans for their electric generation fleet and have announced the early retirement of certain older and less-efficient EGUs. When it becomes probable that an EGU will be retired before the end of its useful life, Alliant Energy, IPL and WPL must assess whether the EGU meets the criteria to be considered probable of abandonment. EGUs that are considered probable of abandonment generally have material remaining net book values and are expected to cease operations in the near term significantly before the end of their original estimated useful lives. If an EGU meets such criteria to be considered probable of abandonment, Alliant Energy, IPL and WPL must assess the probability of full recovery of the remaining carrying value of such EGU. If it is probable that regulators will not allow full recovery of and a full return on the remaining net book value of the abandoned EGU, an impairment charge is recognized equal to the difference between the remaining carrying value and the present value of the future revenues expected from the abandoned EGU.

Alliant Energy and WPL concluded that Edgewater Unit 4 met the criteria to be considered probable of abandonment in 2017. WPL is currently allowed a full recovery of and a full return on this EGU from both its retail and wholesale customers, and as a result, Alliant Energy and WPL concluded that no impairment was required as of December 31, 2017. Alliant Energy, IPL and WPL evaluated their other EGUs that are subject to early retirement and determined that no other EGUs met the criteria to be considered probable of abandonment as of December 31, 2017. Refer to “Strategic Overview” for discussion of additional EGUs that may be retired early and could be considered probable of abandonment in future periods, along with the net book value of such EGUs.

**Unbilled Revenues** - Unbilled revenues are primarily associated with utility operations. Energy sales to individual customers are based on the reading of customers’ meters, which occurs on a systematic basis throughout the month. Amounts of energy delivered to customers since the date of the last meter reading are estimated at the end of each reporting period and the corresponding estimated unbilled revenue is recorded. The unbilled revenue estimate is based on daily system demand volumes, estimated customer usage by class, temperature impacts, line losses and the most recent customer rates. Such process involves the use of various judgments and assumptions and significant changes in these judgments and assumptions could have a material impact on results of operations. As of December 31, 2017, unbilled revenues related to Alliant Energy’s utility operations were \$198 million (\$113 million at IPL and \$85 million at WPL). Note 5(b) provides discussion of IPL’s unbilled revenues as of December 31, 2017 sold to a third party related to its sales of accounts receivable program.

**Pensions and Other Postretirement Benefits** - Alliant Energy, IPL and WPL sponsor various defined benefit pension and OPEB plans that provide benefits to a significant portion of their employees and retirees. Assumptions and judgments are made periodically to estimate the obligations and costs related to their retirement plans. There are many judgments and assumptions involved in determining an entity’s pension and other postretirement liabilities and costs each period including employee demographics (including life expectancies and compensation levels), discount rates, assumed rates of return and funding. Changes made to plan provisions may also impact current and future benefits costs. Judgments and assumptions are supported by historical data and reasonable projections and are reviewed at least annually. The following table shows the impacts of changing certain key actuarial assumptions discussed above (in millions):

Change in Actuarial Assumption	Defined Benefit Pension Plans		OPEB Plans	
	Impact on Projected Benefit Obligation at December 31, 2017	Impact on 2018 Net Periodic Benefit Costs	Impact on Projected Benefit Obligation at December 31, 2017	Impact on 2018 Net Periodic Benefit Costs
<b>Alliant Energy</b>				
1% change in discount rate	\$173	\$11	\$22	\$2
1% change in expected rate of return	N/A	9	N/A	1

Note 12(a) provides additional details of pension and OPEB plans.

**Income Taxes** - Alliant Energy, IPL and WPL are subject to income taxes in various jurisdictions. Assumptions and judgments are made each reporting period to estimate income tax assets, liabilities, benefits and expenses. Judgments and assumptions are supported by historical data and reasonable projections. Significant changes in these judgments and assumptions could have a material impact on financial condition and results of operations. Alliant Energy’s and IPL’s critical assumptions and judgments for 2017 include estimates of qualifying deductions for repairs expenditures and allocation of mixed service costs due to the impact of Iowa rate-making principles on such property-related differences. Critical assumptions and judgments also include projections of future taxable income used to determine the ability to utilize net operating losses and credit carryforwards prior to their expiration, and accounting for the impacts of Tax Reform.

**Effect of Rate-making on Property-related Differences** - Alliant Energy’s and IPL’s effective income tax rates are normally impacted by certain property-related differences at IPL for which deferred tax is not recorded in the income statement pursuant to Iowa rate-making principles. Changes in methods or assumptions regarding the amount of IPL’s qualifying repairs expenditures, allocation of mixed service costs, and costs related to retirement or removal of depreciable property could result in a material impact on Alliant Energy’s and IPL’s financial condition and results of operations. Refer to Note 1(c) for further discussion of regulatory accounting for taxes. Refer to Note 11 for details of how the effect of rate-making on property-related differences impacted Alliant Energy’s and IPL’s effective income tax rates for 2017, 2016 and 2015.

**Carryforward Utilization** - Significant federal tax credit carryforwards and federal and state net operating loss carryforwards exist for Alliant Energy, IPL and WPL as of December 31, 2017. Based on projections of current and future taxable income, Alliant Energy, IPL and WPL plan to utilize substantially all of these carryforwards prior to their expiration. Due to the anticipated future reductions in revenues from utility customers due to Tax Reform, Alliant Energy expects a reduction in its future consolidated taxable income, which will extend the period to which prior unutilized operating losses will be utilized.

Taxable income must be reduced by net operating losses carryforwards prior to utilizing federal tax credit carryforwards. Alliant Energy expects to utilize its net operating losses carryforwards by 2024 and therefore, currently does not expect to utilize 2002 and 2003 vintage federal credit carryforwards prior to their expiration in 2022 and 2023, respectively. This has resulted in valuation allowance charges recorded to "Income taxes" on the income statement. Federal credit carryforwards generated from 2004 through 2008, which amount to \$7 million for Alliant Energy, are expected to be utilized within five years of expiration. All other federal credit carryforwards and federal net operating loss carryforwards are expected to be utilized more than five years before expiration. Changes in tax regulations or assumptions regarding current and future taxable income could require additional valuation allowances in the future resulting in a material impact on financial condition and results of operations. Refer to Note 11 for further discussion of Tax Reform, federal tax credit carryforwards, and federal and state net operating loss carryforwards.

**Other Future Considerations** - In addition to items discussed earlier in MDA and the Notes, the following items could impact future financial condition or results of operations:

**Electric Transmission Service Expense** - IPL and WPL currently receive substantially all their transmission services from ITC and ATC, respectively. Due to the use of formula rates that allow ITC and ATC to change the amount they charge to their customers based upon changes to the costs they incur, there is uncertainty regarding the long-term trends of IPL's and WPL's future electric transmission service expense. In 2018, IPL and WPL expect amounts billed by ITC and ATC, respectively, to decrease as a result of anticipated impacts from Tax Reform and MISO transmission owner return on equity complaints. However, based on IPL's and WPL's electric transmission cost recovery mechanisms discussed in Note 1(g), IPL and WPL currently do not expect that any changes to electric transmission service costs billed by ITC and ATC will have a material impact on their financial condition and results of operations. Refer to Note 2 for further discussion of the MISO transmission owner return on equity complaints.

#### **Sales Trends -**

Jo-Carroll Energy, Inc. - In 2014, Jo-Carroll Energy, Inc. provided notice of termination of its wholesale power supply agreement with IPL effective April 1, 2018. Sales to Jo-Carroll Energy, Inc. represented 3% of IPL's total electric sales in 2017.

Great Lakes Utilities - In 2014, Great Lakes Utilities provided notice of termination of its wholesale power supply agreement with WPL effective December 31, 2017. Sales to Great Lakes Utilities represented approximately 2% of WPL's total electric sales in 2017.

### **MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

The management of Alliant Energy, IPL and WPL are responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. Alliant Energy's, IPL's and WPL's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

Because of the inherent limitations of internal control over financial reporting, misstatements may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Alliant Energy's, IPL's and WPL's management assessed the effectiveness of their respective internal control over financial reporting as of December 31, 2017 using the criteria set forth in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on these assessments, Alliant Energy's, IPL's and WPL's management concluded that, as of December 31, 2017, their respective internal control over financial reporting was effective.

Deloitte & Touche LLP, Alliant Energy's independent registered public accounting firm, has audited Alliant Energy's internal control over financial reporting. That report is included herein.

# CONSOLIDATED FINANCIAL STATEMENTS

## ALLIANT ENERGY CORPORATION CONSOLIDATED STATEMENTS OF INCOME

	Year Ended December 31,		
	2017	2016	2015
	(in millions, except per share amounts)		
<b>Operating revenues:</b>			
Electric utility	\$2,894.7	\$2,875.5	\$2,770.5
Gas utility	400.9	355.4	381.2
Other utility	47.5	48.6	57.9
Non-utility	39.1	40.5	44.0
Total operating revenues	3,382.2	3,320.0	3,253.6
<b>Operating expenses:</b>			
Electric production fuel and purchased power	818.1	854.0	837.7
Electric transmission service	480.9	527.9	485.3
Cost of gas sold	211.4	194.3	219.1
Asset valuation charges for Franklin County wind farm	—	86.4	—
Other operation and maintenance	651.0	606.5	629.5
Depreciation and amortization	461.8	411.6	401.3
Taxes other than income taxes	105.6	102.3	103.7
Total operating expenses	2,728.8	2,783.0	2,676.6
<b>Operating income</b>	<b>653.4</b>	<b>537.0</b>	<b>577.0</b>
<b>Interest expense and other:</b>			
Interest expense	215.6	196.2	187.1
Equity income from unconsolidated investments, net	(44.8)	(39.6)	(33.8)
Allowance for funds used during construction	(49.7)	(62.5)	(36.9)
Interest income and other	(0.5)	(0.5)	(0.7)
Total interest expense and other	120.6	93.6	115.7
<b>Income from continuing operations before income taxes</b>	<b>532.8</b>	<b>443.4</b>	<b>461.3</b>
<b>Income taxes</b>	<b>66.7</b>	<b>59.4</b>	<b>70.4</b>
<b>Income from continuing operations, net of tax</b>	<b>466.1</b>	<b>384.0</b>	<b>390.9</b>
<b>Income (loss) from discontinued operations, net of tax</b>	<b>1.4</b>	<b>(2.3)</b>	<b>(2.5)</b>
<b>Net income</b>	<b>467.5</b>	<b>381.7</b>	<b>388.4</b>
<b>Preferred dividend requirements of Interstate Power and Light Company</b>	<b>10.2</b>	<b>10.2</b>	<b>10.2</b>
<b>Net income attributable to Alliant Energy common shareowners</b>	<b>\$457.3</b>	<b>\$371.5</b>	<b>\$378.2</b>
<b>Weighted average number of common shares outstanding (basic and diluted)</b>	<b>229.7</b>	<b>227.1</b>	<b>225.4</b>
<b>Earnings per weighted average common share attributable to Alliant Energy common shareowners (basic and diluted):</b>			
Income from continuing operations, net of tax	\$1.99	\$1.65	\$1.69
Loss from discontinued operations, net of tax	—	(0.01)	(0.01)
Net income	\$1.99	\$1.64	\$1.68
<b>Amounts attributable to Alliant Energy common shareowners:</b>			
Income from continuing operations, net of tax	\$455.9	\$373.8	\$380.7
Income (loss) from discontinued operations, net of tax	1.4	(2.3)	(2.5)
Net income	\$457.3	\$371.5	\$378.2

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



**ALLIANT ENERGY CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**

	December 31,	
	2017	2016
	(in millions, except per share and share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$27.9	\$8.2
Accounts receivable, less allowance for doubtful accounts	482.8	493.3
Production fuel, at weighted average cost	72.3	98.1
Gas stored underground, at weighted average cost	44.5	37.6
Materials and supplies, at weighted average cost	105.6	86.6
Regulatory assets	84.3	57.8
Other	87.7	95.5
Total current assets	905.1	877.1
Property, plant and equipment, net	11,234.5	10,279.2
Investments:		
ATC Investment	274.2	317.6
Other	121.9	20.0
Total investments	396.1	337.6
Other assets:		
Regulatory assets	1,582.4	1,857.3
Deferred charges and other	69.7	22.6
Total other assets	1,652.1	1,879.9
Total assets	\$14,187.8	\$13,373.8
LIABILITIES AND EQUITY		
Current liabilities:		
Current maturities of long-term debt	\$855.7	\$4.6
Commercial paper	320.2	244.1
Other short-term borrowings	95.0	—
Accounts payable	477.3	445.3
Regulatory liabilities	140.0	186.2
Other	260.8	281.8
Total current liabilities	2,149.0	1,162.0
Long-term debt, net (excluding current portion)	4,010.6	4,315.6
Other liabilities:		
Deferred tax liabilities	1,478.4	2,570.2
Regulatory liabilities	1,357.2	494.8
Pension and other benefit obligations	504.0	489.9
Other	306.4	279.3
Total other liabilities	3,646.0	3,834.2
Commitments and contingencies (Note 16)		
Equity:		
Alliant Energy Corporation common equity:		
Common stock - \$0.01 par value - 480,000,000 shares authorized; 231,348,646 and 227,673,654 shares outstanding	2.3	2.3
Additional paid-in capital	1,845.5	1,693.1
Retained earnings	2,346.0	2,177.0
Accumulated other comprehensive loss	(0.5)	(0.4)
Shares in deferred compensation trust - 463,365 and 441,695 shares at a weighted average cost of \$23.91 and \$22.71 per share	(11.1)	(10.0)
Total Alliant Energy Corporation common equity	4,182.2	3,862.0
Cumulative preferred stock of Interstate Power and Light Company	200.0	200.0
Total equity	4,382.2	4,062.0
Total liabilities and equity	\$14,187.8	\$13,373.8

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

**ALLIANT ENERGY CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Year Ended December 31,		
	2017	2016	2015
	(in millions)		
<b>Cash flows from operating activities:</b>			
Net income	\$467.5	\$381.7	\$388.4
<b>Adjustments to reconcile net income to net cash flows from operating activities:</b>			
Depreciation and amortization	461.8	411.6	401.3
Other amortizations	21.7	(4.8)	12.4
Deferred tax expense and tax credits	139.6	84.6	114.2
Equity income from unconsolidated investments, net	(44.8)	(39.6)	(33.8)
Distributions from equity method investments	38.1	28.3	30.6
Equity component of allowance for funds used during construction	(33.6)	(42.3)	(24.4)
Asset valuation charges for Franklin County wind farm	—	86.4	—
Other	6.7	0.8	15.7
<b>Other changes in assets and liabilities:</b>			
Accounts receivable	29.6	(121.4)	36.8
Sales of accounts receivable	(9.0)	16.0	(17.0)
Regulatory assets	(130.8)	(3.6)	(104.5)
Regulatory liabilities	(83.8)	(63.0)	(67.8)
Deferred income taxes	81.7	102.4	94.6
Other	38.7	22.5	24.7
Net cash flows from operating activities	<u>983.4</u>	<u>859.6</u>	<u>871.2</u>
<b>Cash flows used for investing activities:</b>			
Construction and acquisition expenditures:			
Utility business	(1,281.8)	(1,131.2)	(960.3)
Other	(185.1)	(65.6)	(74.0)
Proceeds from Minnesota electric and natural gas distribution asset sales	—	—	139.9
Other	(29.4)	10.3	(24.8)
Net cash flows used for investing activities	<u>(1,496.3)</u>	<u>(1,186.5)</u>	<u>(919.2)</u>
<b>Cash flows from (used for) financing activities:</b>			
Common stock dividends	(288.3)	(266.5)	(247.3)
Proceeds from issuance of common stock, net	149.6	26.6	151.2
Proceeds from issuance of long-term debt	550.0	800.0	250.7
Payments to retire long-term debt	(4.6)	(313.4)	(183.0)
Net change in commercial paper and other short-term borrowings	171.1	84.3	18.5
Other	(45.2)	(1.7)	6.8
Net cash flows from (used for) financing activities	<u>532.6</u>	<u>329.3</u>	<u>(3.1)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>19.7</u>	<u>2.4</u>	<u>(51.1)</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>8.2</u>	<u>5.8</u>	<u>56.9</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$27.9</u>	<u>\$8.2</u>	<u>\$5.8</u>
<b>Supplemental cash flows information:</b>			
Cash paid during the period for:			
Interest, net of capitalized interest	(\$212.6)	(\$192.4)	(\$184.8)
Income taxes, net	(\$11.3)	(\$9.8)	\$—
Significant non-cash investing and financing activities:			
Accrued capital expenditures	\$196.5	\$154.4	\$148.3

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

**ALLIANT ENERGY CORPORATION**  
**CONSOLIDATED STATEMENTS OF COMMON EQUITY**

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Shares in Deferred Compensation Trust	Total Alliant Energy Common Equity
	(in millions)					
<b>2015:</b>						
Beginning balance	\$2.2	\$1,508.0	\$1,938.0	(\$0.6)	(\$8.9)	\$3,438.7
Net income attributable to Alliant Energy common shareowners			378.2			378.2
Common stock dividends (\$1.10 per share)			(247.3)			(247.3)
Common stock issued, net	0.1	151.1				151.2
Other		2.7			0.4	3.1
Other comprehensive income, net of tax				0.2		0.2
Ending balance	2.3	1,661.8	2,068.9	(0.4)	(8.5)	3,724.1
<b>2016:</b>						
Net income attributable to Alliant Energy common shareowners			371.5			371.5
Common stock dividends (\$1.175 per share)			(266.5)			(266.5)
Common stock issued, net		26.6				26.6
Other		4.7	3.1		(1.5)	6.3
Ending balance	2.3	1,693.1	2,177.0	(0.4)	(10.0)	3,862.0
<b>2017:</b>						
Net income attributable to Alliant Energy common shareowners			457.3			457.3
Common stock dividends (\$1.26 per share)			(288.3)			(288.3)
Common stock issued, net		149.6				149.6
Other		2.8			(1.1)	1.7
Other comprehensive loss, net of tax				(0.1)		(0.1)
Ending balance	<u>\$2.3</u>	<u>\$1,845.5</u>	<u>\$2,346.0</u>	<u>(\$0.5)</u>	<u>(\$11.1)</u>	<u>\$4,182.2</u>

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

**ALLIANT ENERGY CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**NOTE 1(a) General -**

**Description of Business** - Alliant Energy's financial statements include the accounts of Alliant Energy and its consolidated subsidiaries. Alliant Energy is a Midwest U.S. energy holding company, whose primary wholly-owned subsidiaries are IPL, WPL, AEF and Corporate Services.

IPL is a direct subsidiary of Alliant Energy and is a public utility engaged principally in the generation and distribution of electricity and the distribution and transportation of natural gas to retail customers in select markets in Iowa. IPL also sells electricity to wholesale customers in Minnesota, Illinois and Iowa, and is engaged in the generation and distribution of steam for two customers in Cedar Rapids, Iowa.

WPL is a direct subsidiary of Alliant Energy and is a public utility engaged principally in the generation and distribution of electricity and the distribution and transportation of natural gas to retail customers in select markets in Wisconsin. WPL also sells electricity to wholesale customers in Wisconsin.

AEF is comprised of Transportation, ATI, a non-utility wind investment, the Sheboygan Falls Energy Facility and other non-utility investments. Transportation includes a short-line railway that provides freight service between Cedar Rapids, Iowa and Iowa City, Iowa; barge terminal and hauling services on the Mississippi River; and other transfer and storage services. ATI, a wholly-owned subsidiary of AEF, holds all of Alliant Energy's ATC Investment. The non-utility wind investment includes a 50% cash equity ownership interest in a 225 MW non-utility wind farm located in Oklahoma. The Sheboygan Falls Energy Facility is a 347 MW, simple-cycle, natural gas-fired EGU near Sheboygan Falls, Wisconsin, which is leased to WPL for an initial period of 20 years ending in 2025.

Corporate Services is the subsidiary formed to provide administrative services to Alliant Energy and its subsidiaries.

**Basis of Presentation** - The financial statements reflect investments in controlled subsidiaries on a consolidated basis and Alliant Energy's, IPL's and WPL's proportionate shares of jointly-owned utility EGUs. Unconsolidated investments, which Alliant Energy and WPL do not control, but have the ability to exercise significant influence over operating and financial policies, are accounted for under the equity method of accounting. Under the equity method of accounting, Alliant Energy and WPL initially record the investment at cost, and adjust the carrying amount of the investment to recognize their respective share of the earnings or losses of the investee. Dividends received from an investee reduce the carrying amount of the equity investment. Investments that do not meet the criteria for consolidation or the equity method of accounting are accounted for under the cost method. Refer to Notes 1(m) and 6(a) for further discussion of VIEs and equity method investments, respectively.

All intercompany balances and transactions, other than certain transactions affecting the rate-making process at IPL and WPL, have been eliminated from the financial statements. Such transactions not eliminated include costs that are recoverable from customers through rate-making processes. The financial statements are prepared in conformity with GAAP, which give recognition to the rate-making and accounting practices of FERC and state commissions having regulatory jurisdiction. Certain prior period amounts in the Financial Statements and Notes have been reclassified to conform to the current period presentation for comparative purposes, including reclassifications resulting from modifications to segment reporting as discussed in Note 17.

Discontinued operations reported in Alliant Energy's income statements is related to various warranty claims associated with the sale of RMT, Inc. in 2013, which have resulted in operating expenses and income subsequent to the sale. Alliant Energy presents cash flows from continuing operations together with cash flows from discontinued operations in its cash flows statements.

**Use of Estimates** - The preparation of the financial statements requires management to make estimates and assumptions that affect: (a) the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements; and (b) the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 1(b) Regulatory Assets and Regulatory Liabilities** - Alliant Energy, IPL and WPL are subject to regulation by FERC and various state regulatory commissions. As a result, Alliant Energy, IPL and WPL are subject to GAAP provisions for regulated operations, which provide that rate-regulated public utilities record certain costs and credits allowed in the rate-making process in different periods than for non-utility entities. Regulatory assets generally represent incurred costs that have been deferred as such costs are probable of recovery in future customer rates. Regulatory liabilities generally represent



obligations to make refunds to customers or amounts collected in rates for which the related costs have not yet been incurred. Amounts recorded as regulatory assets or regulatory liabilities are generally recognized in the income statements at the time they are reflected in rates. Refer to Note 2 for additional discussion of regulatory assets and regulatory liabilities.

**NOTE 1(c) Income Taxes** - The liability method of accounting is followed for deferred taxes, which requires the establishment of deferred tax assets and liabilities, as appropriate, for temporary differences between the tax basis of assets and liabilities and the amounts reported in the financial statements. Deferred taxes are recorded using currently enacted tax rates, including impacts from Tax Reform and estimates of state apportionment. Changes in deferred tax assets and liabilities associated with certain property-related differences at IPL are accounted for differently than other subsidiaries of Alliant Energy due to rate-making practices in Iowa. Rate-making practices in Iowa do not include the impact of certain deferred tax expenses (benefits) in the determination of retail rates. Based on these rate-making practices, deferred tax expense (benefit) related to these property-related differences at IPL is not recorded in the income statement but instead recorded to regulatory assets or regulatory liabilities until these temporary differences reverse. Refer to Note 2 for further discussion of these tax-related regulatory assets and regulatory liabilities associated with property-related differences at IPL. In Wisconsin, the PSCW allows rate recovery of deferred tax expense on all temporary differences.

Investment tax credits are deferred and amortized to income over the average lives of the related property. Tax Reform repealed corporate federal alternative minimum tax (AMT) and allows unutilized AMT credits to be refunded over the next four tax years beginning with the U.S. federal tax return for calendar year 2018. Other tax credits reduce income tax expense in the year claimed.

Alliant Energy files a consolidated federal income tax return and a combined return in Wisconsin, which include Alliant Energy and its subsidiaries. Alliant Energy subsidiaries with a presence in Iowa file as part of a consolidated return in Iowa.

Refer to Note 11 for further discussion of Tax Reform, which was enacted in December 2017.

**NOTE 1(d) Cash and Cash Equivalents** - Cash and cash equivalents include short-term liquid investments that have original maturities of less than 90 days.

**NOTE 1(e) Property, Plant and Equipment -  
Utility Plant -**

**General** - Utility plant is recorded at the original cost of acquisition or construction, which includes material, labor, contractor services, AFUDC and allocable overheads, such as supervision, engineering, benefits, certain taxes and transportation. Repairs, replacements and renewals of items of property determined to be less than a unit of property or that do not increase the property's life or functionality are charged to maintenance expense. Generally, ordinary retirements of utility plant and salvage value are netted and charged to accumulated depreciation upon removal from utility plant accounts and no gain or loss is recognized consistent with rate-making principles. However, if regulators have approved recovery of the remaining net book value of property, plant and equipment that is retired early, or such approval by regulators is probable, the remaining net book value is reclassified from property, plant and equipment to regulatory assets upon retirement. Property, plant and equipment that is probable of being retired early is classified as plant anticipated to be retired early.

**Depreciation** - IPL and WPL use a combination of remaining life and straight-line depreciation methods as approved by their respective regulatory commissions. The composite or group method of depreciation is used, in which a single depreciation rate is applied to the gross investment in a particular class of property. This method pools similar assets and then depreciates each group as a whole. Periodic depreciation studies are performed to determine the appropriate group lives, net salvage, estimated cost of removal and group depreciation rates. These depreciation studies are subject to review and approval by IPL's and WPL's respective regulatory commissions. Depreciation expense is included within the recoverable cost of service component of rates charged to customers. The average rates of depreciation for electric, gas and other properties, consistent with current rate-making practices, were as follows:

	IPL			WPL		
	2017	2016	2015	2017	2016	2015
Electric - generation	3.5%	3.5%	3.6%	3.5%	3.1%	3.2%
Electric - distribution	2.4%	2.4%	2.4%	2.6%	2.6%	2.7%
Electric - other	4.5%	4.2%	4.0%	6.9%	4.7%	4.5%
Gas	3.4%	3.3%	3.2%	2.5%	2.5%	2.5%
Other	4.0%	3.9%	3.9%	6.0%	5.9%	6.0%

In September 2016, the PSCW issued an order approving the implementation of updated depreciation rates for WPL effective January 1, 2017 as a result of an updated depreciation study. In February 2018, the IUB issued an order approving the

implementation of updated depreciation rates for IPL, which are currently expected to be effective in the first half of 2018, as a result of an updated depreciation study. IPL estimates the new average rates of depreciation for its electric generation and electric distribution properties will be approximately 3.8% and 2.8%, respectively, during 2018.

**AFUDC** - AFUDC represents costs to finance construction additions, including a return on equity component and cost of debt component as required by regulatory accounting. AFUDC for IPL's construction projects is calculated in accordance with FERC guidelines. AFUDC for WPL's retail and wholesale jurisdiction construction projects is calculated in accordance with PSCW and FERC guidelines, respectively. The AFUDC rates, computed in accordance with the prescribed regulatory formula, were as follows:

	2017	2016	2015
IPL (Marshalltown CWIP) (a)	7.8%	7.9%	7.9%
IPL (Wind generation CWIP) (b)	7.6%	N/A	N/A
IPL (other CWIP)	7.6%	7.7%	7.7%
WPL (retail jurisdiction)	7.6%	8.2%	8.2%
WPL (wholesale jurisdiction)	6.0%	6.7%	7.9%

- (a) In 2013, the IUB issued an order establishing rate-making principles that require a 10.3% return on common equity for the calculation of AFUDC related to the construction of Marshalltown.
- (b) In 2016, the IUB issued an order establishing rate-making principles that require a return on common equity for the calculation of AFUDC related to the construction of up to 500 MW of new wind generation equal to the greater of 10.0% or whatever percentage the IUB finds reasonable during IPL's most recent retail electric rate proceeding.

In accordance with their most recent rate orders, IPL applies its AFUDC rates to 100% of applicable CWIP balances and WPL generally applies its AFUDC rates to 50% of applicable CWIP balances. WPL may apply its AFUDC rates to 100% of the retail portion of the CWIP balances for construction projects requiring a CA or CPCN that were approved by the PSCW after its most recent rate order, including West Riverside.

#### **Non-utility Property -**

**General** - Non-utility property is recorded at the original cost of acquisition or construction, which includes material, labor and contractor services. Repairs, replacements and renewals of items of property determined to be less than a unit of property or that do not increase the property's life or functionality are charged to maintenance expense. Upon retirement or sale of non-utility property, the original cost and related accumulated depreciation are removed from the accounts and any gain or loss is included in the income statements.

Costs related to software developed or obtained for internal use are capitalized and amortized on a straight-line basis over the estimated useful life of the related software. If software is retired prior to being fully amortized, the difference is recorded as a loss in the income statements.

#### **NOTE 1(f) Operating Revenues -**

**Utility** - Revenues from Alliant Energy's utility business are primarily from electricity and natural gas sales and are recognized on an accrual basis as services are rendered or commodities are delivered to customers. Energy sales to individual customers are based on the reading of customers' meters, which occurs on a systematic basis throughout each reporting period. Amounts of energy delivered to customers since the date of the last meter reading are estimated at the end of each reporting period and the corresponding estimated unbilled revenue is recorded in such reporting period. The unbilled revenue estimate is based on daily system demand volumes, estimated customer usage by class, temperature impacts, line losses and the most recent customer rates.

IPL and WPL accrue revenues from their wholesale customers to the extent that the actual net revenue requirements calculated in accordance with FERC-approved formula rates for the reporting period are higher or lower than the amounts billed to wholesale customers during such period. Regulatory assets or regulatory liabilities are recorded as the offset for these accrued revenues under formulaic rate-making programs. IPL's estimated recovery amount is recorded in the current period of service and is reflected in customer bills within two years under the provisions of approved formula rates. WPL's estimated recovery amount is recorded in the current period of service and subject to final adjustments after a customer audit period in the subsequent year. Final settled recovery amounts are reflected in WPL's customer bills within two years under the provisions of approved formula rates.

IPL and WPL participate in bid/offer-based wholesale energy and ancillary services markets operated by MISO. MISO requires that all load serving entities and generation owners, including IPL and WPL, submit hourly bids and offers for energy and ancillary services. The MISO transactions are grouped together, resulting in a net supply to or net purchase from

MISO for each hour of each day. The net supply to MISO is recorded in “Electric utility operating revenues” and the net purchase from MISO is recorded in “Electric production fuel and purchased power” in the income statements.

**Non-utility** - Revenues from Alliant Energy’s non-utility businesses are primarily from its Transportation business and are recognized on an accrual basis as services are rendered or goods are delivered to customers.

**Taxes Collected from Customers** - Sales or various other taxes collected by certain of Alliant Energy’s subsidiaries on behalf of other agencies are recorded on a net basis and are not included in operating revenues.

**Revenue Recognition** - Refer to Note 1(n) for discussion of a new accounting standard related to revenue recognition, which Alliant Energy, IPL and WPL adopted on January 1, 2018.

**NOTE 1(g) Utility Cost Recovery Mechanisms -**

**Electric Production Fuel and Purchased Power (Fuel-related Costs)** - Fuel-related costs are incurred to generate and purchase electricity to meet the demand of IPL’s and WPL’s electric customers. These fuel-related costs include the cost of fossil fuels (primarily natural gas and coal) used to produce electricity at their EGUs and electricity purchased from MISO wholesale energy markets and under PPAs. These fuel-related costs are recorded in “Electric production fuel and purchased power” in the income statements.

**IPL Retail** - The cost recovery mechanisms for IPL’s retail electric customers provide for monthly adjustments to their electric rates for changes in fuel-related costs. Changes in the under-/over-collection of these costs are recognized in “Electric production fuel and purchased power” in Alliant Energy’s income statements. The cumulative effects of the under-/over-collection of these costs are recorded in regulatory assets or regulatory liabilities on Alliant Energy’s balance sheets until they are reflected in future billings to customers.

**WPL Retail** - The cost recovery mechanism for WPL’s retail electric customers is based on forecasts of certain fuel-related costs expected to be incurred during forward-looking test year periods and fuel monitoring ranges determined by the PSCW during each retail electric rate proceeding or in a separate fuel cost plan approval proceeding. If WPL’s actual fuel-related costs fall outside these fuel monitoring ranges, WPL is authorized to defer the incremental under-/over-collection of fuel-related costs that are outside the approved ranges. Deferral of under-collections are reduced to the extent actual return on common equity earned by WPL during the fuel cost plan year exceeds the most recently authorized return on common equity. Deferred amounts for fuel-related costs outside the approved fuel monitoring ranges are recognized in “Electric production fuel and purchased power” in Alliant Energy’s income statements. The cumulative effects of these deferred amounts are recorded in regulatory assets or regulatory liabilities on Alliant Energy’s balance sheets until they are reflected in future billings to customers.

**IPL and WPL Wholesale** - The cost recovery mechanisms for IPL’s and WPL’s wholesale electric customers provide for subsequent adjustments to their electric rates for changes in fuel-related costs. Changes in the under-/over-collection of these costs are recognized in “Electric production fuel and purchased power” in the income statements. The cumulative effects of the under-/over-collection of these costs are recorded in regulatory assets or regulatory liabilities on the balance sheets until they are reflected in future billings to customers.

**Purchased Electric Capacity** - PPAs help meet the electricity demand of IPL’s and WPL’s customers. Certain of these PPAs include minimum payments for IPL’s and WPL’s rights to electric generating capacity, which are charged each period to “Electric production fuel and purchased power” in the income statements. Purchased electric capacity expenses are recovered from IPL’s and WPL’s retail electric customers through changes in base rates determined during periodic rate proceedings. Purchased electric capacity expenses are recovered from IPL’s and WPL’s wholesale electric customers through annual changes in base rates determined by a formula rate structure.

**Electric Transmission Service** - Costs incurred for the transmission of electricity to meet the demands of IPL’s and WPL’s customers are charged to “Electric transmission service” in the income statements.

**IPL Retail** - Electric transmission service expense is recovered from IPL’s retail electric customers through a transmission cost rider. This cost recovery mechanism provides for annual adjustments to electric rates charged to retail electric customers for changes in electric transmission service expense. Changes in the under-/over-collection of these costs are recognized in “Electric transmission service” in Alliant Energy’s income statements. The cumulative effects of the under-/over-collection of these costs are recorded in regulatory assets or regulatory liabilities on Alliant Energy’s balance sheets until they are reflected in future billings to customers.

**WPL Retail** - Electric transmission service expense is recovered from WPL’s retail electric customers through changes in base rates determined during periodic rate proceedings. Pursuant to escrow accounting treatment approved by the PSCW, the

difference between actual electric transmission service expense incurred and the amount of electric transmission service costs collected from customers as electric revenues is recognized in “Electric transmission service” in Alliant Energy’s income statements. An offsetting amount is recorded in regulatory assets or regulatory liabilities on Alliant Energy’s balance sheets until reflected in future billings to customers. The PSCW’s December 2016 order for WPL’s retail electric rate review (2017/2018 Test Period) extends this escrow accounting treatment through 2018.

**IPL and WPL Wholesale** - IPL and WPL arrange transmission service for the majority of their respective wholesale electric customers. Electric transmission service expense is allocated to and recovered from these customers based on a load ratio share computation.

**Cost of Gas Sold** - Costs are incurred for the purchase, transportation and storage of natural gas to serve IPL’s and WPL’s gas customers and the costs associated with the natural gas delivered to customers are charged to “Cost of gas sold” in the income statements. The tariffs for IPL’s and WPL’s retail gas customers provide for subsequent adjustments to their rates each month for changes in the cost of gas sold. Changes in the under-/over-collection of these costs are also recognized in “Cost of gas sold” in the income statements. The cumulative effects of the under-/over-collection of these costs are recorded in regulatory assets or regulatory liabilities on the balance sheets until they are reflected in future billings to customers.

**Energy Efficiency Costs** - Costs are incurred to fund energy efficiency programs and initiatives that help customers reduce their energy usage. The costs incurred for these programs and initiatives are charged to “Other operation and maintenance” in the income statements. Energy efficiency costs incurred by IPL are recovered from its retail electric and gas customers through an additional tariff called an energy efficiency cost recovery factor, which is revised annually and includes a reconciliation to eliminate any under-/over-collection of energy efficiency costs from prior periods. Energy efficiency costs incurred by WPL are recovered from retail electric and gas customers through changes in base rates determined during periodic rate proceedings. Reconciliations of any under-/over-collection of energy efficiency costs from prior periods are also addressed in WPL’s periodic rate proceedings. Changes in the under-/over-collection of energy efficiency costs for IPL and WPL are recognized in “Other operation and maintenance” in the income statements. The cumulative effects of the under-/over-collection of these costs for IPL and WPL are recorded in regulatory assets or regulatory liabilities on the balance sheets until they are reflected in future billings to customers.

Refer to Note 2 for additional information regarding these utility cost recovery mechanisms.

**NOTE 1(h) Financial Instruments** - Financial instruments are periodically used for risk management purposes to mitigate exposures to fluctuations in certain commodity prices and transmission congestion costs. The fair value of those financial instruments that are determined to be derivatives are recorded as assets or liabilities on the balance sheets. Certain commodity purchase and sales contracts qualify for and have been designated under the normal purchase and sale exception and are accounted for on the accrual basis of accounting. Alliant Energy, IPL and WPL have elected to not net the fair value amounts of derivatives subject to a master netting arrangement by counterparty. Alliant Energy, IPL and WPL do not offset fair value amounts recognized for the right to reclaim cash collateral (receivable) or the obligation to return cash collateral (payable) against fair value amounts recognized for derivative instruments that are executed with the same counterparty under the same master netting arrangement. Refer to Note 2 for discussion of the recognition of regulatory assets and regulatory liabilities related to the unrealized losses and gains on IPL’s and WPL’s derivative instruments. Refer to Notes 14, 15 and 16(f) for further discussion of derivatives and related credit risk.

**NOTE 1(i) Asset Impairments -**

**Property, Plant and Equipment of Regulated Operations** - Property, plant and equipment of regulated operations are reviewed for possible impairment whenever events or changes in circumstances indicate all or a portion of the carrying value of the assets may be disallowed for rate-making purposes. If IPL or WPL are disallowed recovery of any portion of the carrying value of their regulated property, plant and equipment that is under construction, has been recently completed or is probable of abandonment, or conclude it is probable recovery will be disallowed, an impairment charge is recognized equal to the amount of the carrying value that was disallowed or is probable of being disallowed. If IPL or WPL are only allowed a partial return on the carrying value of their regulated property, plant and equipment that is under construction, has been recently completed or is probable of abandonment, or conclude it is probable a full return will not be allowed, an impairment charge is recognized equal to the difference between the carrying value and the present value of the future revenues expected from their regulated property, plant and equipment.

**Property, Plant and Equipment of Non-utility Operations** - Property, plant and equipment of non-utility operations are reviewed for possible impairment whenever events or changes in circumstances indicate the carrying value of the assets may not be recoverable. Impairment is indicated if the carrying value of an asset exceeds its undiscounted future cash flows. If an impairment is indicated, a charge is recognized equal to the amount the carrying value exceeds the asset’s fair value. Refer to

Note 3 for discussion of Alliant Energy's impairment analysis of the Franklin County wind farm assets and resulting asset valuation charges recorded by Alliant Energy in 2016.

**Unconsolidated Equity Investments** - If events or circumstances indicate the carrying value of investments accounted for under the equity method of accounting exceeds fair value and the decline in value is other than temporary, potential impairment is assessed. If an impairment is indicated, a charge is recognized equal to the amount the carrying value exceeds the investment's fair value. Refer to Note 6(a) for additional discussion of investments accounted for under the equity method of accounting.

**NOTE 1(j) Asset Retirement Obligations** - The fair value of a legal obligation associated with the retirement of an asset is recorded as a liability when an asset is placed in service, when a legal obligation is subsequently identified or when sufficient information becomes available to determine a reasonable estimate of the fair value of future retirement costs. When an ARO is recorded as a liability, an equivalent amount is added to the asset cost. The fair value of AROs at inception is determined using discounted cash flows analyses. The liability is accreted to its present value and the capitalized cost is depreciated over the useful life of the related asset. Accretion and depreciation expenses related to AROs for IPL's and WPL's regulated operations are recorded to regulatory assets on the balance sheets. Upon regulatory approval to recover IPL's AROs expenditures, its regulatory assets are amortized to depreciation and amortization expenses in Alliant Energy's income statements over the same time period the ARO expenditures are recovered from IPL's customers. WPL's regulatory assets related to AROs are being recovered as a component of depreciation rates pursuant to PSCW and FERC orders. Accretion and depreciation expenses related to AROs for Alliant Energy's non-utility operations are recorded to depreciation and amortization expenses in Alliant Energy's income statements. Upon settlement of the ARO liability, an entity settles the obligation for its recorded amount or incurs a gain or loss. Any gains or losses related to AROs for IPL's and WPL's regulated operations are recorded to regulatory liabilities or regulatory assets on the balance sheets. Refer to Note 13 for additional discussion of AROs.

**NOTE 1(k) Debt Issuance and Retirement Costs** - Debt issuance costs and debt premiums or discounts are presented on the balance sheet as a direct deduction from the carrying amount of the related debt liability, and are deferred and amortized over the expected life of each debt issue, considering maturity dates and, if applicable, redemption rights held by others. Alliant Energy's non-utility businesses and Corporate Services expense in the period of retirement any unamortized debt issuance costs and debt premiums or discounts on debt retired early.

**NOTE 1(l) Allowance for Doubtful Accounts** - Allowances for doubtful accounts are recorded for estimated losses resulting from the inability of customers to make required payments. Allowances for doubtful accounts are estimated based on historical write-offs, customer arrears and other economic factors within IPL's and WPL's service territories. Refer to Note 5(a) for details of allowance for doubtful accounts.

**NOTE 1(m) Variable Interest Entities** - An entity is considered a VIE if its equity investors do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties, or its equity investors lack any of the following characteristics: (1) power, through voting rights or similar rights, to direct the activities of the entity that most significantly impact the entity's economic performance; (2) the obligation to absorb expected losses of the entity; or (3) the right to receive expected benefits of the entity. The primary beneficiary of a VIE is required to consolidate the VIE. The financial statements do not reflect any consolidated VIEs.

**NOTE 1(n) New Accounting Standards -**

**Revenue Recognition** - In May 2014, the Financial Accounting Standards Board issued an accounting standard providing principles for recognizing revenue for the transfer of promised goods or services to customers with the consideration to which the entity expects to be entitled in exchange for those goods or services. This standard also requires disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. Alliant Energy, IPL and WPL adopted this standard on January 1, 2018 and used the modified retrospective method of adoption and there will be no cumulative effect adjustments made to the opening retained earnings balance on January 1, 2018 upon adoption. The majority of Alliant Energy's, IPL's and WPL's revenues are from retail electric and gas sales from tariff offerings that provide electricity or natural gas without a defined contractual term. For such arrangements, revenues from contracts with customers will be equivalent to the electricity or natural gas supplied and billed, or estimated to be billed, and there will be no significant shift in the timing or pattern of revenue recognition for such sales. Alliant Energy, IPL and WPL did not have a material change in revenue recognition as a result of the adoption of this standard, and the most significant impact to their financial statements is in the form of additional disclosures. The incremental disclosures in future filings will include a separate footnote disclosure, including disaggregation of revenue by location and customer class.



**Leases** - In February 2016, the Financial Accounting Standards Board issued an accounting standard requiring lease assets and lease liabilities, including operating leases, to be recognized on the balance sheet for all leases with terms longer than 12 months. The standard also requires disclosure of key information about leasing arrangements. Alliant Energy, IPL and WPL currently expect to adopt this standard on January 1, 2019 and are evaluating the impact of this standard on their financial condition and results of operations and expect an increase in assets and liabilities from recognizing operating leases on their balance sheets.

**Presentation of Net Periodic Pension and Postretirement Benefit Costs** - In March 2017, the Financial Accounting Standards Board issued an accounting standard amending the income statement presentation of the components of net periodic benefit costs for defined benefit pension and other postretirement plans. The standard requires entities to (1) disaggregate the current service cost component from the other components of net periodic benefit costs and present it with other employee compensation costs in the income statement; and (2) include the other components in the income statement outside of operating income. This new presentation will shift the majority of the net periodic benefit costs from “Other operation and maintenance” expenses to “Interest expense and other” expenses in the income statements in future filings. In addition, only the service cost component of net periodic benefit costs is eligible for capitalization into property, plant and equipment, when applicable. IPL and WPL, as rate-regulated entities, will capitalize the other components of net periodic benefit costs into regulatory assets or regulatory liabilities. Alliant Energy, IPL and WPL adopted this standard on January 1, 2018 and used the retrospective method of adoption for the presentation requirements and the prospective method of adoption for the capitalization requirements.

**Share-based Compensation Award Payments** - In March 2016, the Financial Accounting Standards Board issued an accounting standard intended to simplify certain aspects of the accounting for share-based compensation award payments and the associated income taxes. This standard changes the accounting for excess tax benefits, whereby such benefits are recognized in the income statement instead of additional paid-in capital on the balance sheet. Alliant Energy adopted this standard on January 1, 2016, which resulted in a cumulative effect of a decrease to its deferred tax liabilities and an increase to its January 1, 2016 retained earnings balance of \$3.1 million, which is included in “Other” in Alliant Energy’s common equity statement in 2016.

## NOTE 2. REGULATORY MATTERS

**Regulatory Assets** - At December 31, regulatory assets were comprised of the following items (in millions):

	Alliant Energy		IPL		WPL	
	2017	2016	2017	2016	2017	2016
Tax-related	\$778.2	\$1,055.6	\$750.5	\$1,022.4	\$27.7	\$33.2
Pension and OPEB costs	548.0	578.7	274.4	294.0	273.6	284.7
AROs	109.3	105.9	72.5	64.3	36.8	41.6
EGUs retired early	63.8	41.4	31.6	—	32.2	41.4
Derivatives	45.3	30.7	21.8	10.0	23.5	20.7
Emission allowances	25.5	26.2	25.5	26.2	—	—
Other	96.6	76.6	55.3	41.9	41.3	34.7
	<u>\$1,666.7</u>	<u>\$1,915.1</u>	<u>\$1,231.6</u>	<u>\$1,458.8</u>	<u>\$435.1</u>	<u>\$456.3</u>

A portion of the regulatory assets in the above table are not earning a return. These regulatory assets, but not the respective carrying costs of these regulatory assets, are expected to be recovered from customers in future rates. At December 31, 2017, IPL and WPL had \$56 million and \$5 million, respectively, of regulatory assets representing past expenditures that were not earning a return. IPL’s regulatory assets that were not earning a return consisted primarily of emission allowances, debt redemption costs, and costs for clean air compliance and wind generation expansion projects. WPL’s regulatory assets that were not earning a return consisted primarily of environmental-related costs, and amounts related to the wholesale portion of under-collected fuel-related costs, which is discussed in Note 1(g). The other regulatory assets reported in the above table either earn a return or the cash has not yet been expended, in which case the assets are offset by liabilities that also do not incur a carrying cost.

**Tax-related** - IPL and WPL record regulatory assets for certain temporary differences (primarily related to utility property, plant and equipment at IPL) that result in a decrease in current rates charged to customers and an increase in future rates charged to customers based on the timing of income tax expense that is used to determine such rates. These temporary differences for IPL include the impacts of qualifying deductions for repairs expenditures, allocation of mixed service costs, and Iowa accelerated tax depreciation, which all contribute to lower current income tax expense during the first part of an asset’s useful life and higher current tax expense during the latter part of an asset’s useful life. These regulatory assets will be recovered from customers in the future when these temporary differences reverse resulting in additional current income tax expense used to determine customers’ rates. Tax-related regulatory assets are classified as non-current. During 2017, Alliant

Energy's, IPL's and WPL's tax-related regulatory assets decreased primarily due to the impacts of Tax Reform, which is discussed in Note 11. As a result of the reduced tax rate from Tax Reform, the amount of taxes needed to be collected from customers in the future has decreased, which resulted in a corresponding decrease in the associated regulatory assets.

**Pension and other postretirement benefits costs** - The IUB and the PSCW have authorized IPL and WPL to record the retail portion of their respective previously unrecognized net actuarial gains and losses, and prior service costs and credits, as regulatory assets in lieu of AOCL on the balance sheets, as these amounts are expected to be recovered in future rates. IPL and WPL also recognize the wholesale portion of their previously unrecognized net actuarial gains and losses, and prior service costs and credits, as regulatory assets on the balance sheets because these amounts are expected to be recovered in rates in future periods under the formula rate structure. These regulatory assets will be increased or decreased as the net actuarial gains or losses, and prior service costs or credits, are subsequently amortized and recognized as a component of net periodic benefit costs. Regulatory assets are also increased or decreased as a result of the annual defined benefit plan measurement process.

Pension and OPEB costs are included within the recoverable cost of service component of rates charged to IPL's and WPL's customers. The recoverable costs included in customers' rates are based upon pension and OPEB costs determined in accordance with GAAP and are calculated using different methods for IPL's and WPL's respective regulatory jurisdictions. In February 2018, the IUB authorized IPL to recover from its Iowa retail electric customers an allocated portion of annual costs equal to a five-year inflation-adjusted average of actual costs incurred for 2013 through 2016 and an estimate of costs for its forward-looking post-Test Year (2017). The PSCW has authorized WPL to recover from its retail electric and gas customers an estimated allocated portion of annual costs equal to the costs expected to be incurred during each test period. IPL and WPL are authorized to recover from their wholesale customers an allocated portion of actual pension costs incurred each year through FERC-approved formula rates. Refer to Note 12(a) for additional details regarding pension and OPEB costs.

**AROs** - Alliant Energy, IPL and WPL believe it is probable that any differences between expenses accrued for legal AROs related to their utility operations and expenses recovered currently in rates will be recoverable in future rates, and are deferring the differences as regulatory assets. IPL's settlement reached in September 2017 and approved by the IUB in February 2018 did not include the recovery of certain ARO costs previously recorded as regulatory assets, and as a result, Alliant Energy and IPL recorded a write-down of regulatory assets in 2017 as discussed in "IPL's Retail Electric Rate Review (2016 Test Year)" below. Refer to Note 13 for additional details of AROs.

**Electric generating units retired early** - In June 2017, IPL retired Sutherland Units 1 and 3 and reclassified the remaining net book value of these EGUs from property, plant and equipment to a regulatory asset on Alliant Energy's balance sheet. IPL was earning a return on the remaining net book value of these EGUs, as well as recovering the remaining net book value of these EGUs from both its retail and wholesale customers. IPL's settlement reached in September 2017 and approved by the IUB in February 2018 authorized IPL to recover the remaining net book value of these EGUs from IPL's retail customers over a 10-year period; however, IPL is not allowed to earn a return on the remaining net book value of these EGUs from its retail customers. As a result, Alliant Energy and IPL recorded a write-down of regulatory assets in 2017 as discussed in "IPL's Retail Electric Rate Review (2016 Test Year)" below. In September 2017, FERC approved continued recovery of the remaining net book value of these EGUs from IPL's wholesale customers over a 10-year period.

In 2015, WPL retired Nelson Dewey Units 1 and 2 and Edgewater Unit 3. WPL received approval from the PSCW and FERC to reclassify the remaining net book value of these EGUs from property, plant and equipment to a regulatory asset on Alliant Energy's balance sheets. The remaining net book value is included in WPL's rate base and WPL is earning a return on the outstanding balance. WPL is currently recovering the remaining net book value of these EGUs from both its retail and wholesale customers over a 10-year period beginning January 1, 2013 pursuant to PSCW and FERC orders.

**Derivatives** - In accordance with IPL's and WPL's fuel and natural gas recovery mechanisms, prudently incurred costs from derivative instruments are recoverable from customers in the future after any losses are realized, and gains from derivative instruments are refundable to customers in the future after any gains are realized. Based on these recovery mechanisms, the changes in the fair value of derivative liabilities/assets resulted in comparable changes to regulatory assets/liabilities on the balance sheets. Refer to Note 15 for additional details of derivative assets and derivative liabilities.

**Emission allowances** - IPL entered into forward contracts in 2007 to purchase SO<sub>2</sub> emission allowances with vintage years of 2014 through 2017 from various counterparties to meet expected future emission reduction standards. Alliant Energy and IPL have recorded a regulatory asset for amounts paid under the forward contracts. In February 2018, the IUB authorized IPL to recover the unamortized forward contract costs for SO<sub>2</sub> emission allowances through the energy adjustment clause over a 10-year period.

**Other** - Alliant Energy, IPL and WPL assess whether IPL's and WPL's 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, Alliant Energy, IPL and WPL believe the regulatory assets recognized as of December 31, 2017 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 the likelihood of future recovery is less than probable.

**Regulatory Liabilities** - At December 31, regulatory liabilities were comprised of the following items (in millions):

	Alliant Energy		IPL		WPL	
	2017	2016	2017	2016	2017	2016
Tax-related	\$899.4	\$7.7	\$399.5	\$1.9	\$499.9	\$5.8
Cost of removal obligations	410.0	411.6	274.5	269.4	135.5	142.2
Electric transmission cost recovery	90.4	72.0	26.4	35.7	64.0	36.3
IPL's tax benefit riders	25.0	83.5	25.0	83.5	—	—
Commodity cost recovery	21.0	30.8	14.6	17.8	6.4	13.0
Energy efficiency cost recovery	19.9	20.5	—	—	19.9	20.5
Other	31.5	54.9	15.4	22.5	16.1	32.4
	<u>\$1,497.2</u>	<u>\$681.0</u>	<u>\$755.4</u>	<u>\$430.8</u>	<u>\$741.8</u>	<u>\$250.2</u>

Regulatory liabilities related to cost of removal obligations, to the extent expensed through depreciation rates, reduce rate base. Excluding the regulatory liabilities arising from Tax Reform, a significant portion of the remaining regulatory liabilities are not used to reduce rate base in the revenue requirement calculations utilized in IPL's and WPL's respective rate proceedings.

**Tax-related** - During 2017, Alliant Energy's, IPL's and WPL's tax-related regulatory liabilities increased primarily due to the impacts of Tax Reform, which is discussed in Note 11. Tax-related regulatory liabilities are classified as non-current.

**Cost of removal obligations** - Alliant Energy, IPL and WPL collect in rates future removal costs for many assets that do not have associated legal AROs. Alliant Energy, IPL and WPL record a regulatory liability for the estimated amounts they have collected in rates for these future removal costs and reduce the regulatory liability for amounts spent on removal activities.

**Electric transmission cost recovery** - A group of MISO cooperative and municipal utilities previously filed two complaints with FERC requesting a reduction to the base return on equity used by MISO transmission owners, including ITC and ATC, to determine electric transmission costs billed to utilities, including IPL and WPL. In 2016, FERC issued an order on the first complaint and established a base return on equity of 10.32%, excluding any incentive adders granted by FERC. The base return on equity of 10.32% was effective September 28, 2016, and was for the refund period from November 12, 2013 through February 11, 2015 (first complaint period). In 2017, Alliant Energy, IPL and WPL received the refunds for the first complaint period of \$50 million, \$39 million and \$11 million, respectively, after final true-ups. IPL and WPL each initially recorded the retail portion of the refunds to a regulatory liability. Pursuant to IUB approval, IPL's retail portion of the refund from ITC was refunded to its retail customers in 2017. WPL's retail portion of the refund from ATC will remain in a regulatory liability until such refunds are approved to be returned to retail customers in a future rate proceeding. IPL's and WPL's wholesale customers received their share of the refunds through normal monthly billing practices in 2017. The second complaint covers the period from February 12, 2015 through May 11, 2016. A decision from FERC on the second complaint is currently expected in 2018. Refer to Note 1(g) for additional details of IPL's and WPL's electric transmission service cost recovery mechanisms.

**IPL's tax benefit riders** - The IUB has approved electric and gas tax benefit riders proposed by IPL, which utilize regulatory liabilities to credit bills of IPL's Iowa retail electric and gas customers to help offset the impact of rate increases on such customers. Alliant Energy and IPL recognize an offsetting reduction to income tax expense for the after-tax amounts credited to such customers, resulting in no impact to their net income from the electric and gas tax benefit riders. The tax benefit riders regulatory liabilities are related to tax benefits from tax accounting method changes for repairs expenditures and cost of removal expenditures, and a rate-making accounting change for capitalized interest. In 2017, Alliant Energy's and IPL's "IPL's tax benefit riders" regulatory liabilities increased (decreased) by (\$59) million as follows (in millions):

Electric tax benefit rider credits	(\$65)
Gas tax benefit rider credits	(6)
Rate-making accounting change for capitalized interest	17
Tax Reform adjustment (Refer to Note 11)	(5)
	<u>(\$59)</u>

In 2017, Alliant Energy and IPL implemented a rate-making accounting change for capitalized interest. IPL currently anticipates crediting its related tax benefits from this rate-making accounting change to its Iowa retail electric and gas customers in the future, and as a result, Alliant Energy and IPL recorded an increase of \$17 million to IPL's tax benefit riders regulatory liabilities in 2017.

The remaining electric tax benefit rider regulatory liabilities are currently expected to be credited to IPL's retail electric customers' bills over a 12-month period after final rates are effective, which is currently expected in the first half of 2018. The remaining gas tax benefit rider regulatory liabilities are currently expected to be credited to IPL's gas customers' bills by December 2018, subject to final review by the IUB.

Electric tax benefit rider - Details for IPL's electric tax benefit rider are as follows (in millions):

	2017	2016	2015
Credit to IPL's Iowa retail electric customers' bills with reduction to electric revenues (based on customers' KWh usage)	\$65	\$64	\$72
Income tax benefit resulting from decreased taxable income caused by credits	27	27	30
Income tax benefit representing tax benefits realized from electric tax benefit rider	38	37	42

The IUB authorized IPL to reduce the electric tax benefit rider billing credits on customers' bills for 2013 through 2016 to recognize the revenue requirement impact of the changes in tax accounting methods related to tangible property and mixed service costs. The revenue requirement adjustment resulted in increases to electric revenues in Alliant Energy's income statements and was recognized through the energy adjustment clause as a reduction of the credits on IPL's Iowa retail electric customers' bills from the electric tax benefit rider as follows (in millions):

	2016	2015
Revenue requirement adjustment	\$14	\$14

Gas tax benefit rider - Details for IPL's gas tax benefit rider are as follows (in millions):

	2017	2016	2015
Credit to IPL's Iowa retail gas customers' bills with reduction to gas revenues (based on a fixed amount per day)	\$6	\$12	\$12
Income tax benefit resulting from decreased taxable income caused by credits	3	5	5
Income tax benefit representing tax benefits realized from gas tax benefit rider	3	7	7

**Commodity cost recovery** - Refer to Note 1(g) for additional details of IPL's and WPL's commodity cost recovery mechanisms.

**Energy efficiency cost recovery** - WPL and IPL collect revenues from their customers to offset certain expenditures they each incur for energy efficiency programs, including state mandated programs and Shared Savings programs. Differences between forecasted costs used to set rates and actual costs for these programs are deferred as a regulatory asset or regulatory liability.

#### Utility Rate Reviews -

**IPL's Retail Electric Rate Review (2016 Test Year)** - In April 2017, IPL filed a request with the IUB to increase annual electric base rates for its Iowa retail electric customers. The request was based on a 2016 historical Test Year as adjusted for certain known and measurable changes occurring up to 12 months after the commencement of the proceeding. The key drivers for the filing included recovery of capital projects, primarily power grid modernization and investments that advance cleaner energy, including Marshalltown. An interim retail electric base rate increase of \$102 million, or approximately 7%, on an annual basis, was implemented effective April 13, 2017. Tax benefit rider credits and MISO transmission owner return on equity refunds were used to reduce the effect of the interim rate increase on customer bills in 2017. In 2017, Alliant Energy and IPL recorded increases in electric base rates of \$77 million in conjunction with the interim retail electric base rate increase.

In September 2017, IPL reached a partial, non-unanimous settlement agreement with the Iowa Office of Consumer Advocate, the Iowa Business Energy Coalition and the Large Energy Group for an annual retail electric base rate increase of \$130 million, or approximately 9%. In February 2018, the IUB issued an order approving the settlement. Final rates are currently expected to be effective in the first half of 2018 once all motions for reconsideration have been addressed and final tariffs have been approved by the IUB. The final rate increase includes continuation of the electric transmission cost rider; increased depreciation expense resulting from an updated depreciation study; recovery over a four-year period of ARO expenditures since the last retail electric rate filing in 2010; recovery over a 10-year period of the remaining net book value of

Sutherland Units 1 and 3, unamortized forward contract costs for SO2 emission allowances through the energy adjustment clause and cancelled project costs approved in a prior EPB; and no double leverage applied to the weighted-average cost of capital. As a result of the partial settlement, in 2017, IPL recorded a write-down of regulatory assets of \$9 million, including \$4 million to “Other operation and maintenance” expenses primarily related to IPL being no longer probable of earning a return on the remaining net book value of Sutherland Units 1 and 3 from its retail customers when final rates are implemented, and \$5 million to “Depreciation and amortization” expenses for certain AROs deemed no longer probable of recovery in future rates.

**WPL’s Retail Electric and Gas Rate Review (2017/2018 Test Period)** - In December 2016, WPL received an order from the PSCW authorizing WPL to implement increases in annual retail electric and gas rates of \$9 million and \$9 million, respectively, effective January 1, 2017 followed by a freeze of such rates through the end of 2018. The \$9 million net annual retail electric rate increase reflects a \$60 million increase in base rates, partially offset by a \$51 million reduction in fuel-related costs, using an estimate for 2017 fuel-related costs. The key drivers for the electric and gas base rate increases are recovery of the costs for environmental controls projects at Edgewater and Columbia, and investments in electric and gas distribution systems, including expansion of natural gas pipeline infrastructure. The filing also included utilization of amounts that WPL previously over-recovered from its customers for energy efficiency cost recovery and electric transmission cost recovery, as well as amounts deferred under the earnings sharing mechanism for the 2013/2014 Test Period to reduce the requested base rate increases. The order included provisions that require WPL to defer a portion of its earnings if its annual regulatory return on common equity exceeds certain levels in 2017 or 2018. In 2017, Alliant Energy and WPL recorded increases in electric and gas base rates of \$63 million and \$9 million, respectively, in conjunction with the base rate increases authorized in the PSCW’s December 2016 order.

**WPL’s Retail Electric and Gas Rate Review (2015/2016 Test Period)** - In July 2014, WPL received an order from the PSCW authorizing WPL to maintain retail electric base rates at their then current levels through the end of 2016. The retail electric base rate review included a return of and return on costs for environmental controls projects, generation performance and reliability improvements, other ongoing capital expenditures and an increase in electric transmission service expense. The additional revenue requirement for these cost increases was offset by the impact of changes in the amortization of regulatory liabilities associated with energy efficiency recoveries and increased sales volumes. The order also authorized WPL to implement a \$5 million decrease in annual base rates for its retail gas customers effective January 1, 2015 followed by a freeze of such gas base rates through the end of 2016. The order included provisions that required WPL to defer a portion of its earnings if its annual regulatory return on common equity exceeded certain levels in 2015 or 2016. As of December 31, 2017, Alliant Energy and WPL deferred \$5 million of WPL’s 2016 earnings for these provisions, which is included in “Other” in Alliant Energy’s and WPL’s regulatory liabilities tables above.

**IPL’s 2014 Retail Electric Rate Settlement Agreement** - The IUB approved a settlement agreement in 2014 related to rates charged to IPL’s Iowa retail electric customers. The settlement agreement extended IPL’s Iowa retail electric base rates authorized in its 2009 Test Year rate review through 2016 and provided targeted retail electric customer billing credits of \$105 million in aggregate. IPL recorded such billing credits as follows (in millions):

	2016	2015	2014
Billing credits to reduce retail electric customers’ bills	\$9	\$24	\$72

**WPL’s Retail Fuel-related Rate Filing (2016 Test Year)** - Pursuant to a 2015 PSCW order, WPL’s 2016 fuel-related costs were subject to deferral if they were outside an annual bandwidth of plus or minus 2% of the approved annual forecasted fuel-related costs. Retail fuel-related costs incurred by WPL in 2016 were lower than fuel-related costs used to determine rates for such period resulting in an over-collection of fuel-related costs. In August 2017, the PSCW authorized WPL to utilize \$6 million of the over-collections as an offset to projected 2017 fuel-related cost under-collections. As of December 31, 2017, \$3 million of remaining fuel-related costs for 2016 outside of the approved bandwidth are included in “Commodity cost recovery” in Alliant Energy’s and WPL’s regulatory liabilities table above, and these costs are expected to offset any rate changes for WPL’s 2018 fuel-related costs.

**WPL’s Retail Fuel-related Rate Filing (2017 Test Year)** - In March 2017, WPL filed an application with the PSCW for a mid-year fuel-related cost adjustment for 2017. Fuel-related costs for 2017 were expected to exceed the approved 2017 fuel-related cost plan by more than the 2% annual bandwidth. In August 2017, the PSCW authorized WPL to utilize \$6 million of the 2016 fuel-related cost over-collections to offset a portion of the projected fuel-related cost under-collections for 2017. Retail fuel-related costs incurred by WPL in 2017 were higher than the projected fuel-related costs used to determine rates for such period resulting in an under-collection of fuel-related costs. As of December 31, 2017, after applying the 2016 over-recovery amounts, the remaining fuel-related costs for 2017 outside of the approved bandwidth were \$5 million and are included in “Other” in Alliant Energy’s and WPL’s regulatory assets table above.



**WPL's Retail Fuel-related Rate Filing (2018 Test Year)** - In December 2017, WPL received an order from the PSCW authorizing an annual retail electric rate increase of \$6 million, or approximately 1%, effective January 1, 2018. The increase primarily reflects a change in expected fuel-related costs in 2018, which was offset by \$3 million of over-collections from WPL's 2016 fuel-related costs as discussed above.

### NOTE 3. PROPERTY, PLANT AND EQUIPMENT

At December 31, details of property, plant and equipment on the balance sheets were as follows (in millions):

	Alliant Energy		IPL		WPL	
	2017	2016	2017	2016	2017	2016
Utility:						
Electric plant:						
Generation in service	\$6,655.3	\$5,866.9	\$3,715.9	\$2,916.8	\$2,939.4	\$2,950.1
Distribution in service	5,123.5	4,739.2	2,820.9	2,589.3	2,302.6	2,149.9
Other in service	425.1	329.1	282.3	223.5	142.8	105.6
Anticipated to be retired early (a)(b)	93.0	108.3	—	108.3	93.0	—
Total electric plant	12,296.9	11,043.5	6,819.1	5,837.9	5,477.8	5,205.6
Gas plant in service	1,244.0	1,107.6	654.8	556.7	589.2	550.9
Other plant in service	571.9	549.3	333.4	313.0	238.5	236.3
Accumulated depreciation	(4,283.1)	(4,135.7)	(2,311.0)	(2,258.3)	(1,972.1)	(1,877.4)
Net plant	9,829.7	8,564.7	5,496.3	4,449.3	4,333.4	4,115.4
Leased Sheboygan Falls Energy Facility, net (c)	—	—	—	—	46.2	52.4
Construction work in progress	962.2	1,226.8	424.4	968.1	537.8	258.7
Other, net	6.0	18.4	5.5	18.2	0.5	0.2
Total utility	10,797.9	9,809.9	5,926.2	5,435.6	4,917.9	4,426.7
Non-utility and other:						
Non-utility Generation, net (d)	90.9	135.0	—	—	—	—
Corporate Services and other, net (e)	345.7	334.3	—	—	—	—
Total non-utility and other	436.6	469.3	—	—	—	—
Total property, plant and equipment	\$11,234.5	\$10,279.2	\$5,926.2	\$5,435.6	\$4,917.9	\$4,426.7

- (a) In 2017, IPL retired Sutherland Unit 3 and reclassified the remaining net book value of this EGU from property, plant and equipment to a regulatory asset on Alliant Energy's balance sheets. Refer to Note 2 for further discussion, including recovery of the remaining net book value of Sutherland Unit 3.
- (b) In 2017, WPL received approval from MISO to retire Edgewater Unit 4 and currently anticipates retiring this EGU by September 30, 2018. In 2016, the PSCW authorized WPL to recover the remaining net book value of Edgewater Unit 4 over a 10-year period beginning the later of the retirement date of the EGU or January 1, 2019.
- (c) Less accumulated amortization of \$77.6 million and \$71.4 million for WPL as of December 31, 2017 and 2016, respectively. The Sheboygan Falls Energy Facility is eliminated from WPL upon consolidation and is included in the "Non-utility Generation, net" line within Alliant Energy's consolidated property, plant and equipment.
- (d) Less accumulated depreciation of \$50.5 million and \$46.5 million for Alliant Energy as of December 31, 2017 and 2016, respectively. Refer to "Franklin County Wind Farm" below for discussion of the April 2017 transfer of the Franklin County wind farm from AEF to IPL pursuant to a February 2017 FERC order.
- (e) Less accumulated depreciation of \$285.6 million and \$272.0 million for Alliant Energy as of December 31, 2017 and 2016, respectively.

#### Utility -

##### Natural Gas-Fired Generation Projects -

**IPL's Marshalltown Generating Station** - Construction of Marshalltown, a 706 MW natural gas-fired combined-cycle EGU, began in 2014 and was completed in 2017, which resulted in a transfer of the capitalized project costs from "Construction work in progress" to "Electric plant - Generation in service" in the above table for Alliant Energy and IPL in 2017. As of December 31, 2017 and 2016, the capitalized project costs for the EGU consisted of capitalized expenditures of \$645 million and CWIP of \$612 million, and AFUDC of \$81 million and \$68 million, respectively.

**WPL's West Riverside Energy Center** - WPL is currently constructing West Riverside, an approximate 730 MW natural gas-fired combined-cycle EGU. Construction began in 2016 and is currently expected to be completed by early 2020. As of December 31, 2017 and 2016, Alliant Energy and WPL recorded capitalized expenditures for CWIP of \$339 million and \$81 million, and AFUDC of \$14 million and \$2 million, respectively, for West Riverside in "Construction work in progress" in the above table for Alliant Energy and WPL. These capital expenditures do not yet reflect any potential impacts from the exercise of purchase options by certain WPL electric cooperatives for a partial ownership interest in West Riverside.

## Wind Generation -

**IPL's Expansion of Wind Generation** - IPL currently plans to add up to 1,000 MW of new wind projects to its existing generation portfolio. These wind projects are expected to be placed into service in 2019 and 2020. As of December 31, 2017 and 2016, Alliant Energy and IPL recorded capitalized expenditures for CWIP of \$264 million and \$102 million, and AFUDC of \$11 million and \$1 million, respectively, for this expansion of wind generation in "Construction work in progress" in the above table for Alliant Energy and IPL.

**Franklin County Wind Farm** - In 2016, based on an evaluation of the strategic options for the Franklin County wind farm, Alliant Energy concluded it was probable the Franklin County wind farm would be transferred to IPL. As a result, Alliant Energy performed an impairment analysis of such assets and recorded non-cash, pre-tax asset valuation charges of \$86 million (after-tax charges of \$51 million, or \$0.23 per share) in 2016. Alliant Energy recorded such charges as a reduction to property, plant and equipment on its balance sheet and charges to "Asset valuation charges for Franklin County wind farm" in its income statement in 2016.

In April 2017, the Franklin County wind farm was transferred from AEF to IPL as approved by a February 2017 FERC order. IPL's purchase price, including certain transaction-related costs, was \$32 million. As of the closing date, the estimated fair values of the assets purchased and liabilities assumed by IPL were as follows (in millions):

Electric plant in service	\$40
Current assets	2
Total assets acquired	42
Other liabilities	10
Net assets acquired	\$32

**WPL's Proposed Acquisition of Forward Wind Energy Center** - In October 2017, WPL entered into definitive agreements to acquire the assets of FWEC, which is a 129 MW wind farm located in Wisconsin. WPL currently expects to acquire 55 MW of FWEC for approximately \$74 million. In November 2017, WPL filed for approval from the PSCW to acquire the assets of FWEC, and a decision from the PSCW is currently expected in the first half of 2018. In January 2018, FERC approved WPL's request to acquire the assets of FWEC.

**Sales of IPL's Minnesota Electric and Natural Gas Distribution Assets** - In 2015, IPL completed the sale of its Minnesota natural gas distribution assets (primarily related to property, plant and equipment) and received proceeds of \$11 million and a promissory note of \$2 million. In 2015, IPL completed the sale of its Minnesota electric distribution assets (primarily related to property, plant and equipment) to Southern Minnesota Energy Cooperative, a combined group of various neighboring electric cooperatives, and received proceeds of \$129 million. The proceeds from the natural gas distribution assets were used for general corporate purposes and the proceeds from the electric distribution assets were used to reduce cash amounts received from IPL's sales of accounts receivable program. The premium received over the book value of the property, plant and equipment sold was more than offset by a reduction in tax-related regulatory assets associated with the distribution assets. As a result, Alliant Energy recorded pre-tax charges of \$11 million and \$3 million for the Minnesota electric and natural gas distribution asset transactions, respectively, in "Other operation and maintenance" in the income statement in 2015.

The electric distribution asset sales agreement includes a wholesale power supply agreement between IPL and Southern Minnesota Energy Cooperative, which was approved by FERC in 2015 and became effective upon the sale of IPL's Minnesota electric distribution assets. The wholesale power supply agreement contains a five-year termination notice, which may not be given until the fifth anniversary of the effective date of the agreement, resulting in a minimum term of 10 years. The agreement remains in effect indefinitely, unless notice to terminate is provided by either party. This wholesale power supply agreement includes standardized pricing mechanisms that are detailed in IPL's current tariffs accepted by FERC through wholesale rate review proceedings. IPL's current return on common equity authorized by FERC related to its wholesale electric rates is 10.97%. As a result of IPL's requirement to supply electricity to Southern Minnesota Energy Cooperative under the wholesale power supply agreement, the sale of the electric distribution assets did not have a significant impact on IPL's generation plans or operating results.

**AFUDC** - AFUDC represents costs to finance construction additions, including a return on equity component and cost of debt component as required by regulatory accounting. The concurrent credit for the amount of AFUDC capitalized is recorded as “Allowance for funds used during construction” in the income statements. The amount of AFUDC generated by equity and debt components was as follows (in millions):

	Alliant Energy			IPL			WPL		
	2017	2016	2015	2017	2016	2015	2017	2016	2015
Equity	<b>\$33.6</b>	\$42.3	\$24.4	<b>\$21.1</b>	\$35.2	\$18.6	<b>\$12.5</b>	\$7.1	\$5.8
Debt	<b>16.1</b>	20.2	12.5	<b>10.3</b>	16.8	9.6	<b>5.8</b>	3.4	2.9
	<b><u>\$49.7</u></b>	<u>\$62.5</u>	<u>\$36.9</u>	<b><u>\$31.4</u></b>	<u>\$52.0</u>	<u>\$28.2</u>	<b><u>\$18.3</u></b>	<u>\$10.5</u>	<u>\$8.7</u>

**Non-utility and Other** - The non-utility and other property, plant and equipment recorded on Alliant Energy’s balance sheets includes the following:

**Non-utility Generation** - The Sheboygan Falls Energy Facility was placed into service in 2005 and is depreciated using the straight-line method over a 35-year period. As of December 31, 2017, Alliant Energy recorded \$91 million on its balance sheet related to the Sheboygan Falls Energy Facility.

**Corporate Services and Other** - Property, plant and equipment related to Corporate Services includes a customer billing and information system for IPL and WPL and other computer software, and the corporate headquarters building located in Madison, Wisconsin. The customer billing and information system is amortized using the straight-line method over a 12-year period. The majority of the remaining software is amortized over a 5-year period. Property, plant and equipment related to Transportation includes a short-line railway in Iowa and a barge terminal on the Mississippi River. The Corporate Services and Other property, plant and equipment is depreciated using the straight-line method over periods ranging from 5 to 30 years.

#### NOTE 4. JOINTLY-OWNED ELECTRIC UTILITY PLANT

Under joint ownership agreements with other utilities, IPL and WPL have undivided ownership interests in jointly-owned coal-fired EGUs. Each of the respective owners is responsible for the financing of its portion of the construction costs. KWh generation and operating expenses are primarily divided between the joint owners on the same basis as ownership. IPL’s and WPL’s shares of expenses from jointly-owned coal-fired EGUs are included in the corresponding operating expenses (e.g., electric production fuel, other operation and maintenance, etc.) in the income statements. Information relative to IPL’s and WPL’s ownership interest in these jointly-owned coal-fired EGUs at December 31, 2017 was as follows (dollars in millions):

	Ownership Interest %	Electric Plant	Accumulated Provision for Depreciation	Construction Work in Progress
<b>IPL</b>				
Ottumwa Unit 1	48.0%	\$501.8	\$144.9	\$37.3
George Neal Unit 4	25.7%	187.2	85.2	0.8
George Neal Unit 3	28.0%	150.6	53.0	2.5
Louisa Unit 1	4.0%	37.8	22.4	1.4
		<u>877.4</u>	<u>305.5</u>	<u>42.0</u>
<b>WPL</b>				
Columbia Units 1-2	50.1%	714.7	216.8	46.9
Edgewater Unit 4	68.2%	99.9	60.4	0.1
		<u>814.6</u>	<u>277.2</u>	<u>47.0</u>
Alliant Energy		<u><u>\$1,692.0</u></u>	<u><u>\$582.7</u></u>	<u><u>\$89.0</u></u>

In 2016, WPL received an order from the PSCW approving amendments to the Columbia joint operating agreement, which allow the co-owners to forgo certain capital expenditures at Columbia (excluding capital expenditures related to the Columbia Unit 2 SCR currently being constructed), resulting in WPL incurring these additional capital expenditures in exchange for a proportional increase in its ownership share of Columbia. Based on the additional capital expenditures WPL currently expects to incur through June 1, 2020, WPL’s ownership interest in Columbia is expected to increase in the future. In June 2017, FERC approved these amendments to the Columbia joint operating agreement.

In October 2017, WPL received an order from the PSCW authorizing various electric cooperatives, which currently have wholesale power supply agreements with WPL, to acquire a partial ownership interest in West Riverside while the EGU is being constructed.

**NOTE 5. RECEIVABLES**

**NOTE 5(a) Accounts Receivable** - Details for accounts receivable included on the balance sheets as of December 31 were as follows (in millions):

	Alliant Energy		IPL		WPL	
	2017	2016	2017	2016	2017	2016
Customer	<b>\$103.3</b>	\$111.7	<b>\$—</b>	\$—	<b>\$97.7</b>	\$104.4
Unbilled utility revenues	<b>85.1</b>	90.2	<b>—</b>	—	<b>85.1</b>	90.2
Deferred proceeds	<b>222.1</b>	211.1	<b>222.1</b>	211.1	<b>—</b>	—
Other	<b>84.3</b>	89.0	<b>44.1</b>	30.7	<b>40.1</b>	38.8
Allowance for doubtful accounts	<b>(12.0)</b>	(8.7)	<b>(1.3)</b>	(1.1)	<b>(10.7)</b>	(7.1)
	<b><u>\$482.8</u></b>	<u>\$493.3</u>	<b><u>\$264.9</u></b>	<u>\$240.7</u>	<b><u>\$212.2</u></b>	<u>\$226.3</u>

**NOTE 5(b) Sales of Accounts Receivable** - IPL maintains a Receivables Agreement whereby it may sell its customer accounts receivables, unbilled revenues and certain other accounts receivables to a third party through wholly-owned and consolidated special purpose entities. The purchase commitment from the third party to which IPL sells its receivables expires in March 2018. IPL currently expects to amend and extend the purchase commitment. IPL pays a monthly fee to the third party that varies based on interest rates, limits on cash proceeds and cash amounts received from the third party. Deferred proceeds represent IPL's interest in the receivables sold to the third party. At IPL's request, deferred proceeds are paid to IPL from collections of receivables, after paying any required expenses incurred by the third party and the collection agent. Corporate Services acts as collection agent for the third party and receives a fee for collection services. The Receivables Agreement can be terminated by the third party if arrears or write-offs exceed certain levels. IPL was in compliance with all related covenants as of December 31, 2017.

Under the Receivables Agreement, IPL has the right to receive cash proceeds, up to a certain limit, from the third party in exchange for the receivables sold. Effective February 2017, the limit on cash proceeds was changed to \$125 million. Cash proceeds are used by IPL to meet short-term financing needs, and cannot exceed the current limit or amount of receivables available for sale, whichever is less. As of December 31, 2017, IPL had \$91.7 million of available capacity under its sales of accounts receivable program.

The transfers of receivables meet the criteria for sale accounting established by the transfer of financial assets accounting rules. IPL believes that the allowance for doubtful accounts related to its sales of receivables is a reasonable approximation of credit risk of the customers that generated the receivables. In 2017, 2016 and 2015, IPL's costs incurred related to the sales of accounts receivable program were not material. Refer to Note 14 for discussion of the fair value of deferred proceeds.

IPL's maximum and average outstanding aggregate cash proceeds (based on daily outstanding balances) related to the sales of accounts receivable program were as follows (in millions):

	Maximum			Average		
	2017	2016	2015	2017	2016	2015
Outstanding aggregate cash proceeds	<b>\$112.0</b>	\$172.0	\$137.0	<b>\$62.2</b>	\$73.2	\$46.7

As of December 31, the attributes of IPL's receivables sold under the Receivables Agreement were as follows (in millions):

	2017	2016
Customer accounts receivable	<b>\$133.8</b>	\$157.6
Unbilled utility revenues	<b>112.7</b>	90.4
Other receivables	<b>0.3</b>	0.1
Receivables sold to third party	<b>246.8</b>	248.1
Less: cash proceeds (a)	<b>12.0</b>	21.0
Deferred proceeds	<b>234.8</b>	227.1
Less: allowance for doubtful accounts	<b>12.7</b>	16.0
Fair value of deferred proceeds	<b><u>\$222.1</u></b>	<u>\$211.1</u>
Outstanding receivables past due	<b>\$44.7</b>	\$68.0

- (a) Changes in cash proceeds are presented in "Sales of accounts receivable" in operating activities in Alliant Energy's cash flows statements.

Additional attributes of IPL's receivables sold under the Receivables Agreement were as follows (in millions):

	2017	2016	2015
Collections reinvested in receivables	<b>\$1,647.1</b>	\$1,818.1	\$1,812.9
Write-offs, net of recoveries	<b>17.7</b>	4.8	8.8

In connection with the implementation of IPL's new customer billing and information system in 2016, IPL postponed the write-off of customer bills for a portion of 2016, resulting in lower write-offs in 2016, higher write-offs in 2017 and higher outstanding receivables past due as of December 31, 2016.

## NOTE 6. INVESTMENTS

**NOTE 6(a) Unconsolidated Equity Investments** - Unconsolidated investments accounted for under the equity method of accounting are as follows (in millions):

	Ownership Interest at December 31, 2017	Carrying Value at December 31, 2017	2016	Equity (Income) / Loss		
				2017	2016	2015
<u>Alliant Energy</u>						
ATC Investment (a)	16%-20%	<b>\$274.2</b>	\$317.6	<b>(\$42.4)</b>	(\$39.1)	(\$34.2)
Wind Investment in Oklahoma	50%	<b>98.3</b>	—	<b>(1.8)</b>	—	—
Other	Various	<b>8.9</b>	8.4	<b>(0.6)</b>	(0.5)	0.4
		<b><u>\$381.4</u></b>	<u>\$326.0</u>	<b><u>(\$44.8)</u></b>	<u>(\$39.6)</u>	<u>(\$33.8)</u>

- (a) As of December 31, 2017, Alliant Energy's ATC Investment is comprised of a 16% ownership interest in ATC and a 20% ownership interest in ATC Holdco LLC, which are described below. In 2017, Alliant Energy's investment in ATC decreased due to the impacts of Tax Reform. Refer to Note 11 for further discussion. Alliant Energy currently has the ability to exercise significant influence over ATC's financial and operating policies through its participation on ATC's Board of Directors. Refer to Note 18 for information regarding related party transactions with ATC.

Summary aggregate financial information from the financial statements of these investments is as follows (in millions):

	Alliant Energy		
	2017	2016	2015
Operating revenues	<b>\$741</b>	\$658	\$624
Operating income	<b>374</b>	331	299
Net income	<b>267</b>	232	186
As of December 31:			
Current assets	<b>104</b>	82	
Non-current assets	<b>5,041</b>	4,340	
Current liabilities	<b>770</b>	498	
Non-current liabilities	<b>2,038</b>	2,144	
Minority interest	<b>255</b>	—	

**Investment in ATC** - Prior to 2014, WPL owned 100% of WPL Transco, which held Alliant Energy's investment in ATC. In 2014, WPL Transco's operating agreement was amended to allow ATI, a wholly-owned subsidiary of AEF, to become a member of WPL Transco in addition to WPL. In 2014, ATI began funding capital contributions that WPL Transco made to ATC. WPL Transco's equity income from ATC and ATC dividends received by WPL Transco were allocated between WPL and ATI based on their respective ownership interests at the time the equity income was generated and at the time of the dividend payments.

On December 31, 2016, pursuant to a June 2016 PSCW order, WPL Transco was liquidated and WPL transferred its investment in ATC to ATI. There were no impacts of this transfer to Alliant Energy's consolidated financial statements. As of December 31, 2016, ATI owns Alliant Energy's entire ATC Investment.

**Investment in ATC Holdco LLC** - In 2011, Duke Energy Corporation and ATC announced the creation of DATC, a joint venture that is expected to acquire, build, own and operate new electric transmission infrastructure in North America. DATC continues to evaluate new projects and opportunities, and participates in a competitive bidding process on projects it considers to be viable. In October 2017, ATC transferred a portion of its interest in DATC to ATC Holdco LLC, and as a result, Alliant Energy contributed additional equity capital funding based on its ownership interest in ATC Holdco LLC. A portion of proceeds from the transfer was distributed to all ATC Holdco LLC's owners based on their ATC ownership percentage.



**Non-utility Wind Investment in Oklahoma** - In July 2017, a wholly-owned subsidiary of AEF acquired 50% of a cash equity ownership interest in a 225 MW non-utility wind farm located in Oklahoma, which started commercial operations in December 2016. This wind farm has both cash and tax equity ownership. The wind farm provides electricity to a third-party under a long-term PPA. In 2017, Alliant Energy's "Other investments" assets increased \$98 million from this acquisition. Alliant Energy will not maintain or operate the wind farm, and provided a parent guarantee of its subsidiary's indemnification obligations under the operating agreement and PPA. Refer to Note 16(d) for discussion of the guarantee. Alliant Energy accounts for this non-utility investment under the equity method of accounting. In conjunction with the acquisition, in July 2017, AEF entered into a \$95 million, 364-day variable-rate term loan credit agreement (with Alliant Energy as guarantor).

**NOTE 6(b) Cash Surrender Value of Life Insurance Policies** - Various life insurance policies cover certain current and former employees and directors. In 2016, certain of Alliant Energy's and IPL's company-owned life insurance policies were liquidated. The related proceeds of \$31 million were recorded in investing activities in Alliant Energy's cash flows statement in 2016. At December 31, the cash surrender value of these investments was as follows (in millions):

	Alliant Energy		WPL	
	2017	2016	2017	2016
Cash surrender value	<b>\$10.4</b>	\$10.6	<b>\$5.6</b>	\$5.8

## NOTE 7. COMMON EQUITY

**Common Share Activity** - A summary of Alliant Energy's common stock activity was as follows:

	2017	2016	2015
Shares outstanding, January 1	<b>227,673,654</b>	226,918,432	221,871,360
At-the-market offering programs	<b>3,074,931</b>	—	4,373,234
Shareowner Direct Plan issuances	<b>640,723</b>	732,814	606,010
Equity-based compensation plans (Note 12(b))	<b>5,185</b>	22,408	112,756
Other	<b>(45,847)</b>	—	(44,928)
Shares outstanding, December 31	<b>231,348,646</b>	227,673,654	226,918,432

At December 31, 2017, Alliant Energy had a total of 12.4 million shares available for issuance in the aggregate, pursuant to its Amended and Restated OIP, Shareowner Direct Plan and 401(k) Savings Plan.

**At-the-Market Offering Programs** - In 2017 and 2015, Alliant Energy filed prospectus supplements under which it could sell up to \$125 million and \$150 million of its common stock, respectively, through at-the-market offering programs. In 2017, Alliant Energy issued 3,074,931 shares of common stock through this program and received cash proceeds of \$124 million, net of \$1 million in commissions and fees. In 2015, Alliant Energy issued 4,373,234 shares of common stock through this program and received cash proceeds of \$133 million, net of \$2 million in commissions and fees. The proceeds from the issuances of common stock were used for general corporate purposes. The 2015 at-the-market offering program expired in 2016, and Alliant Energy currently has no plans to issue any additional common stock through the 2017 at-the-market offering program.

**Shareowner Direct Plan** - Alliant Energy satisfies its requirements under the Shareowner Direct Plan (dividend reinvestment and stock purchase plan) by acquiring Alliant Energy common stock through original issue, rather than on the open market.

**Shareowner Rights Agreement** - Alliant Energy previously established an amended and restated Shareowner Rights Agreement. The rights under this agreement were exercisable if a person or group acquired, or announced an intention to acquire, 15% or more of Alliant Energy's outstanding common stock. In January 2018, Alliant Energy's Board of Directors authorized the redemption of the rights, which were redeemed to shareowners as of the close of business on January 31, 2018.

**Dividend Restrictions** - Alliant Energy does not have any significant common stock dividend restrictions. IPL and WPL each have common stock dividend restrictions based on applicable regulatory limitations. IPL also has common stock dividend restrictions based on the terms of its outstanding preferred stock. As of December 31, 2017, IPL and WPL were in compliance with all such dividend restrictions.

IPL is restricted from paying common stock dividends to its parent company, Alliant Energy, if for any past or current dividend period, dividends on its preferred stock have not been paid, or declared and set apart for payment. IPL has paid all dividends on its preferred stock through 2017. Under the Federal Power Act, IPL may not pay dividends to its parent company in excess of the current amount of its retained earnings. As of December 31, 2017, IPL's amount of retained earnings that were free of dividend restrictions was \$679 million. If IPL's actual 13-month average common equity ratio

(calculated on a financial basis consistent with IPL's rate reviews) falls below 42% of total capitalization, IPL is required to notify the IUB.

Pursuant to a December 2016 PSCW order, WPL has a regulatory limitation on distributions to its parent company. WPL is prohibited from paying annual common stock dividends to its parent company in excess of forecasted dividend levels of \$140 million in 2018 if WPL's actual 13-month average common equity ratio (calculated on a financial basis consistent with WPL's rate reviews) would fall below 51.00% for 2018. As of December 31, 2017, WPL's amount of retained earnings that were free of dividend restrictions was \$140 million for 2018.

**Restricted Net Assets of Subsidiaries** - IPL and WPL do not have regulatory authority to lend or advance any amounts to their parent company. As of December 31, 2017, the amount of IPL's and WPL's net assets that were not available to be transferred to their parent company, Alliant Energy, in the form of loans, advances or cash dividends without the consent of IPL's and WPL's regulatory authorities was \$1.8 billion and \$1.7 billion, respectively.

**Comprehensive Income** - In 2017, 2016 and 2015, Alliant Energy's other comprehensive income (loss) was (\$0.1) million, \$0 million and \$0.2 million, respectively; therefore, its comprehensive income was substantially equal to its net income and its comprehensive income attributable to Alliant Energy common shareowners was substantially equal to its net income attributable to Alliant Energy common shareowners for such periods.

## NOTE 8. REDEEMABLE PREFERRED STOCK

IPL is authorized to issue up to 16,000,000 shares of cumulative preferred stock in aggregate. Information related to the carrying value of IPL's cumulative preferred stock at December 31 was as follows:

Series	Liquidation Preference/Stated Value	Shares Authorized	Shares Outstanding	2017	2016
(in millions)					
5.1%	\$25	8,000,000	8,000,000	\$200.0	\$200.0

On or after March 15, 2018, IPL may, at its option, redeem the 5.1% cumulative preferred stock for cash at a redemption price of \$25 per share plus accrued and unpaid dividends up to the redemption date.

The current articles of incorporation of IPL contain a provision that grants the holders of its cumulative preferred stock voting rights to elect two members of IPL's Board of Directors if preferred dividends equal to six or more quarterly dividend requirements (whether or not consecutive) are in arrears. Such voting rights would not provide the holders of IPL's preferred stock control of the decision on redemption of IPL's preferred stock and could not force IPL to exercise its call option. Therefore, IPL's cumulative preferred stock is presented in total equity on Alliant Energy's balance sheets in a manner consistent with noncontrolling interests.

Refer to Note 14 for information on the fair value of cumulative preferred stock.

## NOTE 9. DEBT

**NOTE 9(a) Short-term Debt** - Alliant Energy and its subsidiaries maintain committed bank lines of credit to provide short-term borrowing flexibility and back-stop liquidity for commercial paper outstanding. In August 2017, Alliant Energy, IPL and WPL entered into a single new credit facility agreement, which expires in August 2022. At December 31, 2017, the short-term borrowing capacity under the credit facility agreement totaled \$1 billion (\$400 million for Alliant Energy at the parent company level, \$250 million for IPL and \$350 million for WPL). Subject to certain conditions, Alliant Energy (at the parent company level), IPL and WPL may each reallocate and change its sublimit up to \$500 million, \$400 million and \$500 million, respectively, within the \$1 billion total commitment. Information regarding commercial paper classified as short-term debt and back-stopped by the credit facility was as follows (dollars in millions):

December 31	Alliant Energy		IPL		WPL	
	2017	2016	2017	2016	2017	2016
Commercial paper outstanding	\$320.2	\$244.1	\$—	\$—	\$25.0	\$52.3
Commercial paper weighted average interest rates	2.0%	0.9%	N/A	N/A	1.5%	0.7%
Available credit facility capacity	\$679.8	\$755.9	\$250.0	\$300.0	\$325.0	\$347.7

For the year ended	Alliant Energy		IPL		WPL	
	2017	2016	2017	2016	2017	2016
Maximum amount outstanding (based on daily outstanding balances)	\$424.4	\$251.8	\$20.0	\$3.1	\$271.2	\$118.3
Average amount outstanding (based on daily outstanding balances)	\$294.3	\$179.0	\$0.5	\$—	\$118.2	\$38.1
Weighted average interest rates	1.2%	0.6%	1.3%	0.7%	1.0%	0.4%

In July 2017, AEF entered into a \$95 million, 364-day variable-rate (2.2% at December 31, 2017) term loan credit agreement (with Alliant Energy as guarantor) related to the acquisition of a cash equity ownership interest in a non-utility wind farm located in Oklahoma, which includes substantially the same financial covenants that are included in the credit facility agreement. Refer to Note 6(a) for further discussion of the non-utility wind farm investment.

**Financial Covenants** - The single new credit facility agreement contains a financial covenant, which requires Alliant Energy, IPL and WPL to maintain certain debt-to-capital ratios in order to borrow under the credit facility. AEF's term loan credit agreement contains a financial covenant, which requires Alliant Energy to maintain a certain debt-to-capital ratio in order to borrow under the term loan credit agreement. The required debt-to-capital ratios compared to the actual debt-to-capital ratios at December 31, 2017 were as follows:

	Alliant Energy	IPL	WPL
Requirement, not to exceed	65%	65%	65%
Actual	54%	47%	51%

The debt component of the capital ratios includes long- and short-term debt (excluding non-recourse debt and hybrid securities to the extent the total carrying value of such hybrid securities does not exceed 15% of consolidated capital of the applicable borrower), capital lease obligations, certain letters of credit, guarantees of the foregoing and new synthetic leases. Unfunded vested benefits under qualified pension plans and sales of accounts receivable are not included in the debt-to-capital ratios. The equity component of the capital ratios excludes accumulated other comprehensive income (loss).

**NOTE 9(b) Long-Term Debt** - Long-term debt, net as of December 31 was as follows (dollars in millions):

	2017			2016		
	Alliant Energy	IPL	WPL	Alliant Energy	IPL	WPL
Senior Debentures (a):						
5.875%, due 2018	\$100.0	\$100.0	\$—	\$100.0	\$100.0	\$—
7.25%, due 2018	250.0	250.0	—	250.0	250.0	—
3.65%, due 2020	200.0	200.0	—	200.0	200.0	—
3.25%, due 2024 (b)	500.0	500.0	—	250.0	250.0	—
3.4%, due 2025	250.0	250.0	—	250.0	250.0	—
5.5%, due 2025	50.0	50.0	—	50.0	50.0	—
6.45%, due 2033	100.0	100.0	—	100.0	100.0	—
6.3%, due 2034	125.0	125.0	—	125.0	125.0	—
6.25%, due 2039	300.0	300.0	—	300.0	300.0	—
4.7%, due 2043	250.0	250.0	—	250.0	250.0	—
3.7%, due 2046	300.0	300.0	—	300.0	300.0	—
	<u>2,425.0</u>	<u>2,425.0</u>	<u>—</u>	<u>2,175.0</u>	<u>2,175.0</u>	<u>—</u>
Debentures (a):						
5%, due 2019	250.0	—	250.0	250.0	—	250.0
4.6%, due 2020	150.0	—	150.0	150.0	—	150.0
2.25%, due 2022	250.0	—	250.0	250.0	—	250.0
3.05%, due 2027 (c)	300.0	—	300.0	—	—	—
6.25%, due 2034	100.0	—	100.0	100.0	—	100.0
6.375%, due 2037	300.0	—	300.0	300.0	—	300.0
7.6%, due 2038	250.0	—	250.0	250.0	—	250.0
4.1%, due 2044	250.0	—	250.0	250.0	—	250.0
	<u>1,850.0</u>	<u>—</u>	<u>1,850.0</u>	<u>1,550.0</u>	<u>—</u>	<u>1,550.0</u>
Other:						
AEF term loan credit agreement through 2018, 2% at December 31, 2017 (with Alliant Energy as guarantor) (d)	500.0	—	—	500.0	—	—
Corporate Services 3.45% senior notes, due 2022 (a)	75.0	—	—	75.0	—	—
Sheboygan Power, LLC 5.06% senior secured notes, due 2018 to 2024 (secured by the Sheboygan Falls Energy Facility and related assets) (a)	49.6	—	—	53.8	—	—
Other, 1% at December 31, 2017, due 2018 to 2025	2.9	—	—	3.3	—	—
	<u>627.5</u>	<u>—</u>	<u>—</u>	<u>632.1</u>	<u>—</u>	<u>—</u>
Subtotal	<u>4,902.5</u>	<u>2,425.0</u>	<u>1,850.0</u>	<u>4,357.1</u>	<u>2,175.0</u>	<u>1,550.0</u>
Current maturities	(855.7)	(350.0)	—	(4.6)	—	—
Unamortized debt issuance costs	(25.4)	(14.3)	(10.5)	(23.4)	(13.7)	(9.1)
Unamortized debt (discount) and premium, net	(10.8)	(4.7)	(6.1)	(13.5)	(7.8)	(5.7)
Long-term debt, net (e)	<u>\$4,010.6</u>	<u>\$2,056.0</u>	<u>\$1,833.4</u>	<u>\$4,315.6</u>	<u>\$2,153.5</u>	<u>\$1,535.2</u>

- (a) Contains optional redemption provisions which, if elected by the issuer at its sole discretion, could require material redemption premium payments by the issuer. The redemption premium payments under these optional redemption provisions are variable and dependent on applicable U.S. Treasury rates at the time of redemption.
- (b) In 2017, IPL issued \$250 million of 3.25% senior debentures due 2024. The proceeds from the issuance were used by IPL to reduce commercial paper classified as long-term debt, reduce cash amounts received from its sales of accounts receivable program and for general corporate purposes.
- (c) In 2017, WPL issued \$300 million of 3.05% debentures due 2027. The proceeds from the issuance were used by WPL to reduce commercial paper and for general corporate purposes.
- (d) Refer to Note 9(a) for discussion of a financial covenant contained in AEF's term loan credit agreement.
- (e) There were no significant sinking fund requirements related to the outstanding long-term debt.

**Five-Year Schedule of Long-term Debt Maturities** - At December 31, 2017, long-term debt maturities for 2018 through 2022 were as follows (in millions):

	2018	2019	2020	2021	2022
IPL	\$350	\$—	\$200	\$—	\$—
WPL	—	250	150	—	250
Corporate Services	—	—	—	—	75
AEF	506	6	7	8	8
Alliant Energy	<u>\$856</u>	<u>\$256</u>	<u>\$357</u>	<u>\$8</u>	<u>\$333</u>

**Fair Value of Long-term Debt** - Refer to Note 14 for information on the fair value of long-term debt outstanding.

#### NOTE 10. OPERATING LEASES

Various agreements have been entered into related to property, plant and equipment rights that are accounted for as operating leases. In 2017, 2016 and 2015, rental expenses associated with operating leases were not material. At December 31, 2017, future minimum operating lease payments, excluding contingent rentals, were as follows (in millions):

	2018	2019	2020	2021	2022	Thereafter	Total
Alliant Energy	\$6	\$5	\$2	\$2	\$1	\$13	\$29

#### NOTE 11. INCOME TAXES

**Tax Reform** - In December 2017, Tax Reform was enacted. Substantially all of the provisions of Tax Reform are effective for taxable years beginning after December 31, 2017. The most significant provisions of Tax Reform that impact Alliant Energy, IPL and WPL were the reduction in the federal corporate tax rate from 35% to 21%, the repeal of the federal corporate AMT, and the elimination of bonus depreciation deductions on utility property placed in service after September 27, 2017 unless a binding contract existed as of that date.

The enactment of Tax Reform in December 2017 had a material impact on Alliant Energy's 2017 financial statements as the tax effects of the changes in tax laws must be recognized in the period in which the law is enacted. Alliant Energy has completed its assessment of the applicable provisions of Tax Reform, and the impacts to its 2017 balance sheet and income statement are as follows (in millions):

<b>Balance Sheet</b>	
Investments:	
ATC Investment	(\$75.0)
Other assets:	
Regulatory assets	(387.6)
Deferred charges and other	41.0
Total Tax Reform impact on assets	<u>(\$421.6)</u>
Other liabilities:	
Deferred tax liabilities	(\$1,331.9)
Regulatory liabilities	885.9
Other	6.3
Total Tax Reform impact on liabilities	<u>(\$439.7)</u>
<b>Income Statement</b>	
Income tax benefit	<u>(\$18.1)</u>

**Deferred Tax Liabilities** - Deferred tax assets and liabilities are measured at the enacted tax rate expected to be applied when temporary differences are to be realized or settled. Given the enactment of Tax Reform in December 2017, Alliant Energy's, IPL's and WPL's deferred tax assets and liabilities at December 31, 2017 were re-measured based upon the new corporate tax rate. Alliant Energy's utility operations in IPL and WPL recorded the net changes from re-measuring deferred tax assets and liabilities as a change in regulatory liabilities or regulatory assets as described in further detail below. Alliant Energy's non-utility operations recorded the net change in deferred tax assets and liabilities to "Income taxes" in the income statement or as an increase to "Other liabilities" or decrease in "ATC Investment" on the balance sheet.

**Regulatory Assets and Regulatory Liabilities** - Tax Reform requires regulated utilities to account for certain changes in deferred taxes related to accelerated depreciation and net operating losses using a normalization method of accounting. This method of accounting requires regulated utilities to record the normalized changes in deferred tax liabilities and assets to a regulatory liability or regulatory asset. For other changes to regulatory assets and regulatory liabilities resulting from Tax Reform, IPL and WPL are awaiting decisions from the IUB, PCSW and FERC to determine the appropriate regulatory treatment. IPL and WPL have recorded the offset to the changes in utility deferred tax liabilities and assets in a regulatory liability or regulatory asset to be reflected in future customer billings. Future changes may occur based on decisions received from the IUB, PSCW and FERC.

In January 2018, the IUB issued an order initiating investigation of the impacts of Tax Reform. The order requires IPL to track all calculated differences since January 1, 2018 resulting from Tax Reform, such that any over-collections can be refunded to its customers at a future date, if appropriate. In January 2018, the PSCW issued an order directing WPL to defer and to accrue carrying costs on the revenue requirement impacts resulting from Tax Reform since its inception.

**ATC Investment** - Tax Reform required a re-measurement of deferred tax assets and liabilities associated with Alliant Energy's ATC Investment. These deferred tax assets and liabilities have been utilized to determine the amount of costs billed by ATC to its customers. Due to the regulated nature of ATC and FERC policy on income tax allowances, Alliant Energy expects the changes in deferred taxes that have been collected in ATC's customers' rates to be returned to such customers over the regulatory life of ATC's assets. As a result, Alliant Energy has reduced the deferred tax liabilities associated with the ATC Investment and recorded the offset to "ATC Investment" on its balance sheet. Starting in 2018, the adjustment as a result of the change in deferred taxes will be amortized as a reduction in deferred tax expense over the remaining life of ATC's assets.

**Deferred Charges and Other** - Tax Reform repealed corporate federal AMT and allows unutilized AMT credits to be refunded over the next four tax years beginning with the U.S. federal tax return for calendar year 2018. As a result of these changes, Alliant Energy reclassified \$41 million of unutilized AMT credits from a deferred tax asset into a long-term tax receivable in 2017 in anticipation of future refunds of such tax credits. The long-term tax receivable is included in "Deferred charges and other" on Alliant Energy's balance sheet.

**Income Tax Benefit** - The changes in deferred taxes for Alliant Energy's non-utility operations were primarily recorded in the income statement. In addition, Alliant Energy recognized valuation allowances for certain tax credit carryforwards as a result of Tax Reform that are discussed in more detail below.

**Income Tax Expense (Benefit)** - The components of "Income tax expense (benefit)" in the income statements were as follows (in millions):

	Alliant Energy			IPL			WPL		
	2017	2016	2015	2017	2016	2015	2017	2016	2015
Current tax expense (benefit):									
Federal	(\$41.0)	\$1.8	\$2.0	(\$27.9)	(\$12.8)	(\$14.1)	\$5.5	(\$22.3)	\$4.7
State	8.5	17.2	3.2	1.6	15.5	11.5	2.5	1.1	0.6
IPL's tax benefit riders	(40.4)	(44.2)	(49.0)	(40.4)	(44.2)	(49.0)	—	—	—
Deferred tax expense (benefit):									
Federal	159.5	112.8	120.8	72.5	59.1	40.7	55.0	112.3	76.8
State	12.3	4.9	27.9	(2.2)	(9.0)	3.3	16.6	20.8	20.2
Production tax credits	(31.1)	(31.8)	(33.1)	(14.1)	(14.0)	(14.5)	(17.0)	(17.8)	(18.6)
Investment tax credits	(1.1)	(1.3)	(1.4)	(0.4)	(0.5)	(0.6)	(0.7)	(0.8)	(0.8)
	<u>\$66.7</u>	<u>\$59.4</u>	<u>\$70.4</u>	<u>(\$10.9)</u>	<u>(\$5.9)</u>	<u>(\$22.7)</u>	<u>\$61.9</u>	<u>\$93.3</u>	<u>\$82.9</u>



**Income Tax Rates** - The overall income tax rates shown in the following table were computed by dividing income tax expense (benefit) by income from continuing operations before income taxes.

	Alliant Energy			IPL			WPL		
	2017	2016	2015	2017	2016	2015	2017	2016	2015
Statutory federal income tax rate	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%
State income taxes, net of federal benefits	5.5	5.4	5.2	6.5	6.4	6.2	5.1	5.1	5.1
Effect of rate-making on property-related differences	(8.5)	(8.5)	(6.8)	(19.1)	(16.2)	(17.2)	(1.7)	(0.7)	(0.5)
IPL's tax benefit riders	(7.6)	(10.0)	(10.6)	(18.7)	(20.1)	(28.3)	—	—	—
Production tax credits	(6.1)	(7.2)	(7.2)	(6.7)	(6.3)	(8.3)	(7.1)	(6.2)	(7.1)
Impact of Tax Reform	(3.4)	—	—	1.7	—	—	(5.8)	—	—
Other items, net	(2.4)	(1.3)	(0.3)	(3.7)	(1.5)	(0.5)	(0.6)	(0.6)	(0.7)
Overall income tax rate	12.5%	13.4%	15.3%	(5.0%)	(2.7%)	(13.1%)	24.9%	32.6%	31.8%

**Deferred Tax Assets and Liabilities** - The deferred tax assets and liabilities included on the balance sheets at December 31 arise from the following temporary differences (in millions):

	Alliant Energy		IPL		WPL	
	2017	2016	2017	2016	2017	2016
Deferred tax liabilities:						
Property	\$1,852.7	\$2,919.0	\$1,102.6	\$1,677.0	\$674.2	\$1,124.5
ATC Investment	86.4	153.1	—	—	—	—
Other	75.9	95.1	63.4	71.4	36.5	58.8
Total deferred tax liabilities	2,015.0	3,167.2	1,166.0	1,748.4	710.7	1,183.3
Deferred tax assets:						
Federal credit carryforwards	260.7	268.4	113.1	95.9	131.0	112.9
Net operating losses carryforwards - federal	174.4	173.3	107.4	69.6	43.7	75.4
Regulatory liability - IPL's tax benefit riders	7.4	34.7	7.4	34.7	—	—
Net operating losses carryforwards - state	41.3	32.9	0.9	0.6	0.2	0.1
Other	61.8	87.9	27.1	35.8	14.7	23.6
Subtotal deferred tax assets	545.6	597.2	255.9	236.6	189.6	212.0
Valuation allowance	(9.0)	(0.2)	(0.6)	—	(1.3)	(0.3)
Total deferred tax assets	536.6	597.0	255.3	236.6	188.3	211.7
Total deferred tax liabilities, net	\$1,478.4	\$2,570.2	\$910.7	\$1,511.8	\$522.4	\$971.6

The decreases in deferred tax liabilities were primarily due to the reduction in the federal corporate tax rate from 35% to 21% as a result of Tax Reform, as discussed above.

**Property** - The decrease in property-related deferred tax liabilities from Tax Reform was partially offset by bonus depreciation deductions from property placed in service in 2017, including IPL's Marshalltown Generating Station. Alliant Energy currently estimates its total bonus depreciation deductions to be claimed on its U.S. federal income tax return for calendar year 2017 will be approximately \$670 million (\$500 million for IPL and \$140 million for WPL).

**Carryforwards** - The decrease in Alliant Energy's federal credit carryforwards was due to the reclassification of AMT credits to a long-term tax receivable as a result of Tax Reform, partially offset by production tax credits generated in 2017. The increase in Alliant Energy's and IPL's federal net operating losses carryforwards was primarily due to bonus depreciation deductions for property placed in service in 2017, including IPL's Marshalltown Generating Station, largely offset by the impacts of Tax Reform.

At December 31, 2017, carryforwards and expiration dates were estimated as follows (in millions):

	Range of Expiration Dates	Alliant Energy	IPL	WPL
Federal net operating losses	2030-2037	\$852	\$537	\$208
State net operating losses	2018-2037	700	13	2
Federal tax credits	2022-2037	267	119	131

**Valuation Allowances** - Due to the anticipated future reductions in revenues from utility customers due to Tax Reform, Alliant Energy expects a reduction in its future consolidated taxable income, which will extend the period to which prior unutilized operating losses will be utilized. Taxable income must be reduced by net operating losses carryforwards prior to utilizing federal tax credit carryforwards. Alliant Energy expects to utilize its net operating losses carryforwards by 2024 and therefore, currently does not expect to utilize 2002 and 2003 vintage federal credit carryforwards prior to their expiration in 2022 and 2023, respectively. This has resulted in valuation allowance charges recorded to “Income taxes” on the income statements as noted in the table above.

**Uncertain Tax Positions** - At December 31, 2017, 2016 and 2015, there were no uncertain tax positions or penalties accrued related to uncertain tax positions, and interest accrued and tax positions favorably impacting future effective tax rates for continuing operations were not material. As of December 31, 2017, no material changes to unrecognized tax benefits are expected during the next 12 months.

**Open tax years** - Tax years that remain subject to the statute of limitations in the major jurisdictions for each of Alliant Energy, IPL and WPL are as follows:

Consolidated federal income tax returns (a)	2014 - 2016
Consolidated Iowa income tax returns (b)	2014 - 2016
Wisconsin combined tax returns (c)	2013 - 2016

- (a) These federal tax returns are effectively settled as a result of participation in the IRS Compliance Assurance Program, which allows Alliant Energy and the IRS to work together to resolve issues related to Alliant Energy’s current tax year before filing its federal income tax return. The statute of limitations for these federal tax returns expires three years from each filing date.
- (b) The statute of limitations for these Iowa tax returns expires three years from each filing date.
- (c) The statute of limitations for these Wisconsin combined tax returns expires four years from each filing date.

## NOTE 12. BENEFIT PLANS

**NOTE 12(a) Pension and Other Postretirement Benefits Plans** - Retirement benefits are provided to substantially all employees through various qualified and non-qualified non-contributory defined benefit pension plans (currently closed to new hires), and/or through defined contribution plans (including 401(k) savings plans). Benefits of the non-contributory defined benefit pension plans are based on the plan participant’s years of service, age and compensation. Benefits of the defined contribution plans are based on the plan participant’s years of service, age, compensation and contributions. Certain defined benefit postretirement health care and life benefits are provided to eligible retirees. In general, the retiree health care plans consist of fixed benefit subsidy structures and the retiree life insurance plans are non-contributory.

**Assumptions** - The assumptions for defined benefit pension and OPEB plans at the measurement date of December 31 were as follows:

Alliant Energy	Defined Benefit Pension Plans			OPEB Plans		
	2017	2016	2015	2017	2016	2015
Discount rate for benefit obligations	3.66%	4.19%	4.47%	3.53%	3.98%	4.30%
Discount rate for net periodic cost	4.19%	4.47%	4.18%	3.98%	4.30%	3.97%
Expected rate of return on plan assets	7.60%	7.60%	7.60%	5.80%	6.30%	6.20%
Rate of compensation increase	3.65% - 4.50%	3.65% - 4.50%	3.65% - 4.50%	N/A	N/A	N/A
Medical cost trend on covered charges:						
Initial trend rate (end of year)	N/A	N/A	N/A	6.75%	7.00%	7.25%
Ultimate trend rate	N/A	N/A	N/A	5.00%	5.00%	5.00%

**Expected rate of return on plan assets** - The expected rate of return on plan assets is based on projected asset class returns using target allocations. A forward-looking building blocks approach is used, and historical returns, survey information and capital market information are analyzed to support the expected rate of return on plan assets assumption. Refer to “Investment Strategy for Plan Assets” below for additional information related to investment strategy and mix of assets for the pension and OPEB plans.

**Life Expectancy** - The life expectancy assumption is used in determining the benefit obligation and net periodic benefit cost for defined benefit pension and OPEB plans. This assumption was updated to utilize mortality tables that were released in 2014 by the Society of Actuaries and updated in 2015 and 2016.

**Net Periodic Benefit Costs (Credits)** - The components of net periodic benefit costs (credits) for sponsored defined benefit pension and OPEB plans are included in the table below (in millions). Net periodic benefit costs are primarily included in “Other operation and maintenance” in the income statements.

<u>Alliant Energy</u>	Defined Benefit Pension Plans			OPEB Plans		
	2017	2016	2015	2017	2016	2015
Service cost	\$12.5	\$12.6	\$15.9	\$5.0	\$5.3	\$5.5
Interest cost	51.0	53.0	53.6	8.6	9.4	9.1
Expected return on plan assets (a)	(65.5)	(65.5)	(75.0)	(6.1)	(6.1)	(8.4)
Amortization of prior service credit (b)	(0.4)	(0.3)	(0.2)	(0.2)	(4.1)	(11.3)
Amortization of actuarial loss (c)	37.6	37.4	35.4	3.8	4.7	4.8
Additional benefit costs	—	—	0.5	—	—	—
Settlement losses (d)	0.9	—	—	—	—	—
	<u>\$36.1</u>	<u>\$37.2</u>	<u>\$30.2</u>	<u>\$11.1</u>	<u>\$9.2</u>	<u>(\$0.3)</u>

- (a) The expected return on plan assets is based on the expected rate of return on plan assets and the fair value approach to the market-related value of plan assets.
- (b) Unrecognized prior service costs (credits) for the OPEB plans are amortized over the average future service period to full eligibility of the participants of each plan.
- (c) Unrecognized net actuarial gains or losses in excess of 10% of the greater of the plans’ benefit obligations or assets are amortized over the average future service lives of plan participants, except for the Alliant Energy Cash Balance Pension Plan where gains or losses outside the 10% threshold are amortized over the time period the participants are expected to receive benefits.
- (d) Settlement losses related to payments made to retired executives of Alliant Energy.

The estimated amortization from “Regulatory assets,” “Regulatory liabilities” and AOCL on Alliant Energy’s balance sheet into net periodic benefit cost in 2018 is as follows (in millions):

	Alliant Energy		IPL		WPL	
	Defined Benefit Pension Plans	OPEB Plans	Defined Benefit Pension Plans	OPEB Plans	Defined Benefit Pension Plans	OPEB Plans
Actuarial loss	\$35.2	\$3.4	\$15.0	\$1.2	\$17.2	\$2.0
Prior service credit	(0.7)	(0.2)	(0.2)	—	(0.2)	(0.2)
	<u>\$34.5</u>	<u>\$3.2</u>	<u>\$14.8</u>	<u>\$1.2</u>	<u>\$17.0</u>	<u>\$1.8</u>

**Benefit Plan Assets and Obligations** - A reconciliation of the funded status of qualified and non-qualified defined benefit pension and OPEB plans to the amounts recognized on the balance sheets at December 31 was as follows (in millions):

<u>Alliant Energy</u>	Defined Benefit Pension Plans		OPEB Plans	
	2017	2016	2017	2016
Change in benefit obligation:				
Net benefit obligation at January 1	\$1,244.3	\$1,206.3	\$220.1	\$221.4
Service cost	12.5	12.6	5.0	5.3
Interest cost	51.0	53.0	8.6	9.4
Plan participants’ contributions	—	—	2.9	2.4
Actuarial (gain) loss	83.6	48.3	5.4	(0.3)
Gross benefits paid	(88.3)	(75.9)	(19.7)	(18.1)
Net benefit obligation at December 31	<u>1,303.1</u>	<u>1,244.3</u>	<u>222.3</u>	<u>220.1</u>
Change in plan assets:				
Fair value of plan assets at January 1	895.7	895.0	105.8	106.9
Actual return on plan assets	136.7	74.3	12.9	8.2
Employer contributions	6.6	2.3	9.2	6.4
Plan participants’ contributions	—	—	2.9	2.4
Gross benefits paid	(88.3)	(75.9)	(19.7)	(18.1)
Fair value of plan assets at December 31	<u>950.7</u>	<u>895.7</u>	<u>111.1</u>	<u>105.8</u>
Under funded status at December 31	<u>(\$352.4)</u>	<u>(\$348.6)</u>	<u>(\$111.2)</u>	<u>(\$114.3)</u>

<u>Alliant Energy</u>	Defined Benefit Pension Plans		OPEB Plans	
	2017	2016	2017	2016
Amounts recognized on the balance sheets consist of:				
Non-current assets	\$—	\$—	\$8.8	\$3.2
Current liabilities	(2.2)	(6.5)	(9.1)	(8.6)
Pension and other benefit obligations	(350.2)	(342.1)	(110.9)	(108.9)
Net amounts recognized at December 31	<u>(\$352.4)</u>	<u>(\$348.6)</u>	<u>(\$111.2)</u>	<u>(\$114.3)</u>
Amounts recognized in Regulatory Assets (refer to Note 2 for details) and AOCL (refer to Alliant Energy's common equity statements for details) consist of:				
Net actuarial loss	\$509.1	\$535.1	\$47.4	\$52.6
Prior service credit	(6.5)	(6.9)	(1.3)	(1.5)
	<u>\$502.6</u>	<u>\$528.2</u>	<u>\$46.1</u>	<u>\$51.1</u>

Included in the following table are accumulated benefit obligations, aggregate amounts applicable to defined benefit pension and OPEB plans with accumulated benefit obligations in excess of plan assets, as well as defined benefit pension plans with projected benefit obligations in excess of plan assets as of the December 31 measurement date (in millions):

<u>Alliant Energy</u>	Defined Benefit Pension Plans		OPEB Plans	
	2017	2016	2017	2016
Accumulated benefit obligations	\$1,269.0	\$1,201.5	\$222.3	\$220.1
Plans with accumulated benefit obligations in excess of plan assets:				
Accumulated benefit obligations	1,269.0	1,201.5	222.3	220.1
Fair value of plan assets	950.7	895.7	111.1	105.8
Plans with projected benefit obligations in excess of plan assets:				
Projected benefit obligations	1,303.1	1,244.3	N/A	N/A
Fair value of plan assets	950.7	895.7	N/A	N/A

**Estimated Future Employer Contributions and Benefit Payments** - Estimated funding for the qualified and non-qualified defined benefit pension and OPEB plans for 2018 is as follows (in millions):

	<u>Alliant Energy</u>
Defined benefit pension plans	\$6.3
OPEB plans	9.0

Expected benefit payments for the qualified and non-qualified defined benefit plans, which reflect expected future service, as appropriate, are as follows (in millions):

<u>Alliant Energy</u>	2018	2019	2020	2021	2022	2023 - 2027
Defined benefit pension benefits	\$72.2	\$73.9	\$76.4	\$77.1	\$92.9	\$398.2
OPEB	18.2	18.4	17.7	17.5	17.2	80.1
	<u>\$90.4</u>	<u>\$92.3</u>	<u>\$94.1</u>	<u>\$94.6</u>	<u>\$110.1</u>	<u>\$478.3</u>

**Investment Strategy for Plan Assets** - Investment strategies for defined benefit pension and OPEB plan assets combine preservation of principal and prudent risk-taking to protect the integrity of plan assets, in order to meet the obligations to plan participants while minimizing benefit costs over the long term. Investment risk of plan assets is mitigated through diversification, including broad U.S. equity, international equity and fixed income exposure, and global asset and risk parity strategies. Global asset and risk parity strategies include investments in global equity, global debt, commodities and currencies.

**Defined Benefit Pension Plan Assets** - The asset mix of defined benefit pension plans is governed by allocation targets. Historical performance results and future expectations suggest that equity securities will provide higher total investment returns than fixed income securities over a long-term investment horizon. Consistent with the goals of meeting obligations to plan participants and minimizing benefit costs over the long-term, the defined benefit pension plans have a long-term investment posture more heavily weighted toward equity holdings. The asset allocation is monitored regularly and appropriate steps are taken as needed to rebalance the assets within the prescribed ranges. An overlay management service is also used to help maintain target allocations and meet liquidity needs. The overlay manager is authorized to use derivative financial instruments to facilitate this service. For separately managed accounts, prohibited investments include, but may not be limited to, direct ownership of real estate, margin trading, oil and gas limited partnerships and securities of the managers' firms or affiliate firms.

At December 31, 2017, the current target ranges and actual allocations for the defined benefit pension plan assets were as follows:

	Target Range Allocation	Actual Allocation
Cash and equivalents	0% - 5%	3%
Equity securities - U.S.	11% - 41%	24%
Equity securities - international	14% - 34%	23%
Global asset securities	5% - 15%	10%
Risk parity securities	5% - 15%	10%
Fixed income securities	20% - 40%	30%

**Other Postretirement Benefits Plan Assets** - OPEB plan assets are comprised of specific assets within certain defined benefit pension plans (401(h) assets) as well as assets held in VEBA trusts. The investment strategy of the Corporate Services 401(h) assets mirrors those of the defined benefit pension plans, which are discussed above. For VEBA trusts with assets greater than \$5 million and the WPL 401(h) assets, the mix among asset classes is governed by allocation targets. The asset allocation is monitored regularly and appropriate steps are taken as needed to rebalance the assets within the prescribed ranges. Mutual funds are used to achieve the desired diversification. At December 31, 2017, the current target ranges and actual allocations for VEBA trusts with assets greater than \$5 million and the WPL 401(h) assets were as follows:

	Target Range Allocation	Actual Allocation
Cash and equivalents	0% - 5%	1%
Equity securities - U.S.	0% - 50%	26%
Equity securities - international	0% - 34%	10%
Fixed income securities	20% - 100%	63%

**Fair Value Measurements** - Fair value measurement accounting establishes three levels of fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value. Refer to Note 14 for discussion of levels within the fair value hierarchy. Level 1 items include investments in securities held in registered investment companies, treasury bills and directly held equity securities, which are valued at the closing price reported in the active market in which the securities are traded. Level 2 items include fixed income securities consisting of corporate and government bonds and agency obligations, which are valued at the closing price reported in the active market for similar assets in which the individual securities are traded or based on yields currently available on comparable securities of issuers with similar credit ratings. Certain investments that are measured at fair value using the net asset value practical expedient have not been classified in the fair value hierarchy. These fair value amounts are included in the tables below to reconcile the fair value hierarchy to the respective total plan assets.

At December 31, the fair values of qualified and non-qualified defined benefit pension plan assets were as follows (in millions):

	2017				2016			
	Fair Value	Level 1	Level 2	Level 3	Fair Value	Level 1	Level 2	Level 3
<u>Alliant Energy</u>								
Cash and equivalents	\$28.2	\$4.5	\$23.7	\$—	\$30.4	\$5.0	\$25.4	\$—
Equity securities - U.S.	158.3	158.3	—	—	183.6	183.6	—	—
Equity securities - international	137.5	137.5	—	—	97.4	97.4	—	—
Global asset securities	49.4	49.4	—	—	53.0	53.0	—	—
Fixed income securities	135.9	55.8	80.1	—	125.4	53.6	71.8	—
Total assets in fair value hierarchy	509.3	\$405.5	\$103.8	\$—	489.8	\$392.6	\$97.2	\$—
Assets measured at net asset value	441.1				405.9			
Accrued investment income	1.0				1.1			
Due to brokers, net (pending trades with brokers)	(0.7)				(1.1)			
Total pension plan assets	<u>\$950.7</u>				<u>\$895.7</u>			



At December 31, the fair values of OPEB plan assets were as follows (in millions):

	2017				2016			
	Fair Value	Level 1	Level 2	Level 3	Fair Value	Level 1	Level 2	Level 3
<b>Alliant Energy</b>								
Cash and equivalents	\$1.2	\$0.7	\$0.5	\$—	\$3.5	\$2.0	\$1.5	\$—
Equity securities - U.S.	27.9	27.9	—	—	22.5	22.5	—	—
Equity securities - international	11.4	11.4	—	—	13.5	13.5	—	—
Global asset securities	0.4	0.4	—	—	16.5	16.5	—	—
Fixed income securities	66.6	66.0	0.6	—	46.8	46.2	0.6	—
Total assets in fair value hierarchy	107.5	\$106.4	\$1.1	\$—	102.8	\$100.7	\$2.1	\$—
Assets measured at net asset value	3.6				3.0			
Total OPEB plan assets	<u>\$111.1</u>				<u>\$105.8</u>			

For the various defined benefit pension and OPEB plans, Alliant Energy common stock represented less than 1% of assets directly held in the plans at December 31, 2017 and 2016.

**401(k) Savings Plans** - A significant number of employees participate in defined contribution retirement plans (401(k) savings plans). Alliant Energy common stock directly held by participants represented 11.5% and 12.6% of total assets in the 401(k) savings plans at December 31, 2017 and 2016, respectively. Costs related to the 401(k) savings plans, which are partially based on the participants' contributions and include allocated costs associated with Corporate Services employees for IPL and WPL, were as follows (in millions):

	Alliant Energy			IPL			WPL		
	2017	2016	2015	2017	2016	2015	2017	2016	2015
401(k) costs	\$24.8	\$23.6	\$24.9	\$12.8	\$12.0	\$12.7	\$11.1	\$10.7	\$11.2

**NOTE 12(b) Equity-based Compensation Plans** - In 2015, Alliant Energy's shareowners approved the Amended and Restated OIP, which permits the grant of shares of Alliant Energy common stock, restricted stock, restricted stock units, performance shares, performance units, and other stock-based or cash-based awards to key employees. At December 31, 2017, performance shares, performance-contingent restricted stock and restricted stock units (performance- and time-vesting) were outstanding under the Amended and Restated OIP, and 7.1 million shares of Alliant Energy's common stock remained available for grants under the Amended and Restated OIP. Alliant Energy satisfies share payouts related to equity awards under the Amended and Restated OIP through the issuance of new shares of its common stock. Alliant Energy also has the DLIP, which permits the grant of cash-based long-term awards, including performance units, restricted cash awards and restricted units, to certain key employees. At December 31, 2017, performance units, performance-contingent cash awards and restricted units (performance- and time-vesting) were outstanding under the DLIP. There is no limit to the number of grants that can be made under the DLIP and Alliant Energy satisfies all payouts under the DLIP through cash payments. Nonvested awards generally do not have non-forfeitable rights to dividends or dividend equivalents when dividends are paid to common shareowners.

A summary of compensation expense, including amounts allocated to IPL and WPL, and the related income tax benefits recognized for share-based compensation awards was as follows (in millions):

	Alliant Energy			IPL			WPL		
	2017	2016	2015	2017	2016	2015	2017	2016	2015
Compensation expense	\$15.1	\$18.0	\$10.7	\$8.3	\$9.5	\$5.7	\$6.4	\$7.9	\$4.7
Income tax benefits	6.2	7.4	4.4	3.4	4.0	2.4	2.6	3.2	1.9

As of December 31, 2017, Alliant Energy's, IPL's and WPL's total unrecognized compensation cost related to share-based compensation awards was \$5.6 million, \$3.1 million and \$2.2 million, respectively, which is expected to be recognized over a weighted average period of between one and two years. Share-based compensation expense is recognized on a straight-line basis over the requisite service periods and is primarily recorded in "Other operation and maintenance" in the income statements.

**Performance Shares and Performance Units** - Payouts of performance shares under the Amended and Restated OIP and performance units under the DLIP to key employees are contingent upon achievement over three-year periods of specified performance criteria, which currently include metrics of total shareowner return relative to an investor-owned utility peer group. Performance shares can be paid out in shares of Alliant Energy's common stock, cash or a combination of cash and stock. Performance units must be paid out in cash. Alliant Energy assumes it will make future payouts of its performance shares and performance units in cash; therefore, performance shares and performance units are accounted for as liability

awards. A summary of the performance shares and performance units activity, with amounts representing the target number of awards, was as follows:

	Performance Shares			Performance Units		
	2017	2016	2015	2017	2016	2015
Nonvested awards, January 1	257,599	288,430	288,848	93,320	116,412	127,330
Granted	65,350	68,585	90,806	21,558	23,918	35,674
Vested	(99,438)	(98,186)	(91,224)	(37,395)	(42,760)	(45,690)
Forfeited	—	(1,230)	—	(5,746)	(4,250)	(902)
Nonvested awards, December 31	223,511	257,599	288,430	71,737	93,320	116,412

**Granted Awards** - Each performance share's value is based on the closing market price of one share of Alliant Energy's common stock at the end of the performance period. For performance units granted in 2017 and 2016, the value is based on the closing market price of one share of Alliant Energy's common stock at the end of the performance period. For performance units granted in 2015, the value is based on the closing market price of one share of Alliant Energy's common stock on the grant date of the award. The actual payout for performance shares and performance units is dependent upon actual performance and may range from zero to 200% of the target number of awards. Compensation expense for performance shares and performance units is recorded ratably over the performance period based on the fair value of the awards at each reporting period.

**Vested Awards** - Certain performance shares and performance units vested, resulting in payouts (a combination of cash and common stock for the performance shares and cash only for the performance units) as follows:

	Performance Shares			Performance Units		
	2017	2016	2015	2017	2016	2015
	2014 Grant	2013 Grant	2012 Grant	2014 Grant	2013 Grant	2012 Grant
Performance awards vested	99,438	98,186	91,224	37,395	42,760	45,690
Percentage of target number of performance awards	147.5%	165.0%	167.5%	147.5%	165.0%	167.5%
Aggregate payout value (in millions)	\$5.6	\$5.1	\$5.1	\$1.5	\$1.7	\$1.6
Payout - cash (in millions)	\$5.1	\$2.9	\$3.2	\$1.5	\$1.7	\$1.6
Payout - common stock shares issued	5,185	22,408	21,950	N/A	N/A	N/A

**Fair Value of Awards** - Information related to fair values of nonvested performance shares and performance units at December 31, 2017, by year of grant, were as follows:

	Performance Shares			Performance Units		
	2017 Grant	2016 Grant	2015 Grant	2017 Grant	2016 Grant	2015 Grant
Nonvested awards at target	65,350	67,355	90,806	18,600	21,227	31,910
Alliant Energy common stock closing price on December 29, 2017	\$42.61	\$42.61	\$42.61	\$42.61	\$42.61	N/A
Alliant Energy common stock closing price on grant date	N/A	N/A	N/A	N/A	N/A	\$32.55
Estimated payout percentage based on performance criteria	105%	150%	138%	105%	150%	138%
Fair values of each nonvested award	\$44.74	\$63.92	\$58.80	\$44.74	\$63.92	\$44.92

**Performance Restricted Stock Units and Performance Restricted Units** - Alliant Energy granted new types of share-based compensation awards to key employees beginning in 2016 referred to as performance restricted stock units under the Amended and Restated OIP, and performance restricted units and key employee performance restricted units under the DLIP. Payouts of these units are based on the achievement of certain performance targets (currently specified growth of consolidated income from continuing operations) during a three-year performance period. The actual number of units that will be paid out upon vesting is dependent upon actual performance and may range from zero to 200% of the target number of units. If performance targets are not met during the performance period, these units are forfeited. As of December 31, 2017, the amount of nonvested performance restricted units and key employee performance restricted units was not material.

**Performance Restricted Stock Units** - Performance restricted stock units generally must be paid out in shares and are accounted for as equity awards. Each performance restricted stock unit's value is based on the closing market price of one share of Alliant Energy's common stock on the grant date of the award. Compensation expense is recorded ratably over the performance period based on a probability assessment of payouts for the awards at each reporting period. A summary of the performance restricted stock units activity, with amounts representing the target number of units, was as follows:

	2017		2016	
	Units	Weighted Average Grant Date Fair Value	Units	Weighted Average Grant Date Fair Value
Nonvested units, January 1	67,355	\$33.96	—	\$—
Granted	65,350	39.12	68,585	33.96
Forfeited	—	—	(1,230)	33.90
Nonvested units, December 31	<u>132,705</u>	<u>36.50</u>	<u>67,355</u>	<u>33.96</u>

**Restricted Stock Units and Restricted Units** - Alliant Energy granted new types of share-based compensation awards to key employees beginning in 2016 referred to as restricted stock units under the Amended and Restated OIP and restricted units under the DLIP. Payouts of these units are based on the expiration of a three-year time-vesting period. Each restricted stock unit's value is based on the closing market price of one share of Alliant Energy's common stock at the end of the time-vesting period. Compensation expense is recorded ratably over the performance period based on the fair value of the awards at each reporting period. Restricted stock units can be paid out in shares of Alliant Energy common stock, cash or a combination of cash and stock. Alliant Energy assumes it will make future payouts of its restricted stock units in cash; therefore, restricted stock units are accounted for as liability awards. As of December 31, 2017, the amount of nonvested restricted units was not material. A summary of the restricted stock units activity was as follows:

	2017	2016
Nonvested units, January 1	57,736	—
Granted	56,013	58,790
Forfeited	—	(1,054)
Nonvested units, December 31	<u>113,749</u>	<u>57,736</u>

**Performance-Contingent Restricted Stock and Performance-Contingent Cash Awards** - As of December 31, 2017, the amount of nonvested performance-contingent restricted stock and performance-contingent cash awards was not material.

**NOTE 12(c) Deferred Compensation Plan** - Alliant Energy maintains a DCP under which key employees may defer up to 100% of base salary and short-term cash incentive compensation and directors may elect to defer all or part of their retainer and committee fees. Key employees who have made the maximum allowed contribution to the Alliant Energy 401(k) Savings Plan may receive an additional credit to the DCP. Key employees and directors may elect to have their deferrals credited to a company stock account, an interest account, equity accounts or mutual fund accounts based on certain benchmark funds.

**Company Stock Account** - The DCP does not permit diversification of deferrals credited to the company stock account and all distributions from participants' company stock accounts are made in the form of shares of Alliant Energy common stock. The deferred compensation obligations for participants' company stock accounts are recorded in "Additional paid-in capital" and the shares of Alliant Energy common stock held in a rabbi trust to satisfy this obligation are recorded in "Shares in deferred compensation trust" on Alliant Energy's balance sheets. At December 31, the carrying value of the deferred compensation obligation for the company stock account and the shares in the deferred compensation trust based on the historical value of the shares of Alliant Energy common stock contributed to the rabbi trust, and the fair market value of the shares held in the rabbi trust, were as follows (in millions):

	2017	2016
Carrying value	\$11.1	\$10.0
Fair market value	19.7	16.7

**Interest, Equity and Mutual Fund Accounts** - Distributions from participants' interest, equity and mutual fund accounts are in the form of cash payments. The deferred compensation obligations for participants' interest, equity and mutual fund accounts are recorded in "Pension and other benefit obligations" on the balance sheets. At December 31, 2017 and 2016, the carrying value of Alliant Energy's deferred compensation obligations for participants' interest, equity and mutual fund accounts, which approximates fair market value, was \$21.8 million and \$19.4 million, respectively.

#### NOTE 13. ASSET RETIREMENT OBLIGATIONS

Recognized AROs relate to legal obligations for the removal, closure or dismantlement of several assets including, but not limited to, ash ponds, wind farms, active ash landfills, solar generation and above ground storage tanks. Recognized AROs also include legal obligations for the management and final disposition of asbestos, polychlorinated biphenyls and lead-based paint. AROs are recorded in "Other current liabilities" and "Other liabilities" on the balance sheets. Refer to Note 2 for information regarding regulatory assets related to AROs. A reconciliation of the changes in AROs associated with long-lived assets is as follows (in millions):

	Alliant Energy		IPL		WPL	
	2017	2016	2017	2016	2017	2016
Balance, January 1	\$195.7	\$214.0	\$124.7	\$132.9	\$61.4	\$71.9
Revisions in estimated cash flows	4.3	(13.3)	7.0	(5.8)	(2.7)	(7.5)
Liabilities settled	(23.5)	(14.0)	(13.1)	(6.8)	(10.4)	(7.2)
Liabilities incurred	2.0	2.6	11.7	0.7	—	1.9
Accretion expense	6.0	6.4	3.8	3.7	2.1	2.3
Balance, December 31	<u>\$184.5</u>	<u>\$195.7</u>	<u>\$134.1</u>	<u>\$124.7</u>	<u>\$50.4</u>	<u>\$61.4</u>

In addition, certain AROs related to EGU assets have not been recognized. Due to an indeterminate remediation date, the fair values of the AROs for these assets cannot be currently estimated. A liability for these AROs will be recorded when fair value is determinable. Removal costs of these EGUs are being recovered in rates and are recorded in regulatory liabilities.

#### NOTE 14. FAIR VALUE MEASUREMENTS

**Valuation Hierarchy** - Fair value measurement accounting establishes three levels of fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value. Level 1 pricing inputs are quoted prices available in active markets for identical assets or liabilities as of the reporting date. Level 2 pricing inputs are quoted prices for similar assets 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 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.

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.

#### **Valuation Techniques -**

**Derivative assets and derivative liabilities** - Derivative instruments are used for risk management purposes to mitigate exposures to fluctuations in certain commodity prices, transmission congestion costs and rail transportation costs. Risk policies are maintained that govern the use of such derivative instruments. Derivative instruments were not designated as hedging instruments and included the following:

<u>Risk management purpose</u>	<u>Type of instrument</u>
Mitigate pricing volatility for:	
Electricity purchased to supply customers	Electric physical forward contracts (WPL)
Fuel used to supply natural gas-fired EGUs	Natural gas swap, options and physical forward contracts (IPL and WPL)
Natural gas supplied to retail customers	Natural gas options and physical forward contracts (IPL and WPL)
	Natural gas swap contracts (IPL)
Fuel used at coal-fired EGUs	Coal physical forward contracts (IPL and WPL)
Optimize the value of natural gas pipeline capacity	Natural gas physical forward contracts (IPL and WPL)
	Natural gas swap contracts (IPL)
Manage transmission congestion costs	FTRs (IPL and WPL)
Manage rail transportation costs	Diesel fuel swap contracts (WPL)

Swap, option and physical forward commodity contracts were non-exchange-based derivative instruments and were valued using indicative price quotations from a pricing vendor that provides daily exchange forward price settlements, from broker or dealer quotations, from market publications or from on-line exchanges. The indicative price quotations reflected the average of the bid-ask mid-point prices and were obtained from sources believed to provide the most liquid market for the commodity. A portion of these indicative price quotations were corroborated using quoted prices for similar assets or liabilities in active markets and categorized derivative instruments based on such indicative price quotations as Level 2. Commodity contracts that were valued using indicative price quotations based on significant assumptions such as seasonal or monthly shaping and indicative price quotations that could not be readily corroborated were categorized as Level 3. Swap, option and physical forward commodity contracts were predominately at liquid trading points. FTRs were valued using auction prices and were categorized as Level 3. Refer to Note 15 for additional details of derivative assets and derivative liabilities.

**Deferred proceeds (sales of receivables)** - The fair value of IPL's deferred proceeds related to its sales of accounts receivable program was calculated each reporting date using the cost approach valuation technique. The fair value represents the carrying amount of receivables sold less the allowance for doubtful accounts associated with the receivables sold and cash amounts received from the receivables sold due to the short-term nature of the collection period. These inputs were considered unobservable and deferred proceeds were categorized as Level 3. Deferred proceeds represent IPL's maximum exposure to loss related to the receivables sold. Refer to Note 5(b) for additional information regarding deferred proceeds.

**Long-term debt (including current maturities)** - The fair value of long-term debt instruments was based on quoted market prices for similar liabilities at each reporting date or on a discounted cash flow methodology, which utilizes assumptions of current market pricing curves at each reporting date, and was substantially classified as Level 2. Refer to Note 9(b) for additional information regarding long-term debt.

**Cumulative preferred stock** - The fair value of IPL's 5.1% cumulative preferred stock was based on its closing market price quoted by the New York Stock Exchange at each reporting date, and was classified as Level 1. Refer to Note 8 for additional information regarding cumulative preferred stock.

**Fair Value of Financial Instruments** - The carrying amounts of 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 December 31 were as follows (in millions):

Alliant Energy	2017					2016				
	Carrying Amount	Fair Value				Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3	Total
Assets:										
Derivatives	\$25.1	\$—	\$4.1	\$21.0	\$25.1	\$41.4	\$—	\$4.6	\$36.8	\$41.4
Deferred proceeds	222.1	—	—	222.1	222.1	211.1	—	—	211.1	211.1
Liabilities and equity:										
Derivatives	41.7	—	8.5	33.2	41.7	28.6	—	0.5	28.1	28.6
Long-term debt (incl. current maturities)	4,866.3	—	5,444.6	2.9	5,447.5	4,320.2	—	4,795.7	3.3	4,799.0
Cumulative preferred stock of IPL	200.0	203.8	—	—	203.8	200.0	194.8	—	—	194.8

Information for fair value measurements using significant unobservable inputs (Level 3 inputs) was as follows (in millions):

Alliant Energy	Commodity Contract Derivative			
	Assets and (Liabilities), net		Deferred Proceeds	
	2017	2016	2017	2016
Beginning balance, January 1	\$8.7	(\$32.7)	\$211.1	\$172.0
Total net gains (losses) included in changes in net assets (realized/unrealized)	(32.9)	30.7	—	—
Transfers into Level 3	—	0.9	—	—
Transfers out of Level 3	12.2	1.2	—	—
Purchases	28.3	22.0	—	—
Sales	(0.3)	(1.0)	—	—
Settlements (a)	(28.2)	(12.4)	11.0	39.1
Ending balance, December 31	(\$12.2)	\$8.7	\$222.1	\$211.1
The amount of total net gains (losses) for the period included in changes in net assets attributable to the change in unrealized gains (losses) relating to assets and liabilities held at December 31	(\$31.0)	\$32.7	\$—	\$—

- (a) Settlements related to deferred proceeds are due to the change in the carrying amount of receivables sold less the allowance for doubtful accounts associated with the receivables sold and cash amounts received from the receivables sold.



**Commodity Contracts** - The fair value of electric, natural gas, coal and diesel fuel commodity contracts categorized as Level 3 was recognized as net derivative assets (liabilities) at December 31 as follows (in millions):

	Alliant Energy		IPL		WPL	
	Excluding FTRs	FTRs	Excluding FTRs	FTRs	Excluding FTRs	FTRs
<b>2017</b>	<b>(\$23.5)</b>	<b>\$11.3</b>	<b>(\$11.5)</b>	<b>\$10.1</b>	<b>(\$12.0)</b>	<b>\$1.2</b>
2016	(2.3)	11.0	0.1	10.0	(2.4)	1.0

## NOTE 15. DERIVATIVE INSTRUMENTS

### Commodity Derivatives -

**Purpose** - Derivative instruments are used for risk management purposes to mitigate exposures to fluctuations in certain commodity prices, transmission congestion costs and rail transportation costs. Refer to Note 14 for detailed discussion of derivative instruments.

**Notional Amounts** - As of December 31, 2017, gross notional amounts and settlement/delivery years related to outstanding swap contracts, option contracts, physical forward contracts and FTRs that were accounted for as commodity derivative instruments were as follows (units in thousands):

	Electricity		FTRs		Natural Gas		Coal		Diesel Fuel	
	MWhs	Years	MWhs	Years	Dths	Years	Tons	Years	Gallons	Years
Alliant Energy	1,314	2018	8,970	2018	170,463	2018-2026	8,177	2018-2020	6,552	2018-2019

**Financial Statement Presentation** - Derivative instruments are recorded at fair value each reporting date on the balance sheet as assets or liabilities. At December 31, the fair values of current derivative assets are included in "Other current assets," non-current derivative assets are included in "Deferred charges and other," current derivative liabilities are included in "Other current liabilities" and non-current derivative liabilities are included in "Other liabilities" on the balance sheets as follows (in millions):

	Alliant Energy		IPL		WPL	
	2017	2016	2017	2016	2017	2016
Current derivative assets	<b>\$21.1</b>	\$29.4	<b>\$15.8</b>	\$19.1	<b>\$5.3</b>	\$10.3
Non-current derivative assets	<b>4.0</b>	12.0	<b>1.3</b>	1.7	<b>2.7</b>	10.3
Current derivative liabilities	<b>18.7</b>	13.3	<b>5.0</b>	2.7	<b>13.7</b>	10.6
Non-current derivative liabilities	<b>23.0</b>	15.3	<b>14.4</b>	5.6	<b>8.6</b>	9.7

**Credit Risk-related Contingent Features** - Various agreements contain credit risk-related contingent features, including requirements to maintain certain credit ratings and/or limitations on liability positions under the agreements based on credit ratings. Certain of these agreements with credit risk-related contingency features are accounted for as derivative instruments. In the event of a material change in creditworthiness or if liability positions exceed certain contractual limits, credit support may need to be provided in the form of letters of credit or cash collateral up to the amount of exposure under the contracts, or the contracts may need to be unwound and underlying liability positions paid. At December 31, 2017 and 2016, the aggregate fair value of all derivative instruments with credit risk-related contingent features in a net liability position was not materially different than amounts that would be required to be posted as credit support to counterparties by Alliant Energy, IPL or WPL if the most restrictive credit risk-related contingent features for derivative agreements in a net liability position were triggered.

**Balance Sheet Offsetting** - The fair value amounts of derivative instruments subject to a master netting arrangement are not netted by counterparty on the balance sheets. However, if the fair value amounts of derivative instruments by counterparty were netted, amounts would not be materially different from gross amounts of derivative assets and derivative liabilities at December 31, 2017 and 2016. Fair value amounts recognized for the right to reclaim cash collateral (receivable) or the obligation to return cash collateral (payable) are not offset against fair value amounts recognized for derivative instruments executed with the same counterparty under the same master netting arrangement.

## NOTE 16. COMMITMENTS AND CONTINGENCIES

**NOTE 16(a) Capital Purchase Obligations** - Various contractual obligations contain minimum future commitments related to capital expenditures for certain construction projects. IPL's projects include the expansion of wind generation and installation of an SCR system at Ottumwa Unit 1 to reduce NOx emissions at the EGU. WPL's projects include West Riverside. At December 31, 2017, Alliant Energy's, IPL's and WPL's minimum future commitments related to certain contractual obligations for these projects were \$82 million, \$15 million and \$67 million, respectively.

**NOTE 16(b) Other Purchase Obligations** - Various commodity supply, transportation and storage contracts help meet obligations to provide electricity and natural gas to utility customers. In addition, there are various purchase obligations associated with other goods and services. At December 31, 2017, minimum future commitments related to these purchase obligations were as follows (in millions):

Alliant Energy	2018	2019	2020	2021	2022	Thereafter	Total
Purchased power (a)	\$188	\$159	\$135	\$149	\$140	\$461	\$1,232
Natural gas	229	140	130	110	84	253	946
Coal	107	59	21	5	—	—	192
Other (b)	21	6	6	3	2	2	40
	<u>\$545</u>	<u>\$364</u>	<u>\$292</u>	<u>\$267</u>	<u>\$226</u>	<u>\$716</u>	<u>\$2,410</u>

(a) Includes payments required by PPAs for capacity rights and minimum quantities of MWhs required to be purchased.

(b) Includes individual commitments incurred during the normal course of business that exceeded \$1 million at December 31, 2017.

Certain contracts are considered leases and are therefore not included here, but are included in Note 10.

**NOTE 16(c) Legal Proceedings -**

**Flood Damage Claims** - In 2013, several plaintiffs purporting to represent a class of residential and commercial property owners filed a complaint against CRANDIC, Alliant Energy and various other defendants in the Iowa District Court for Linn County. Plaintiffs assert claims of negligence and strict liability based on their allegations that CRANDIC (along with other defendants) caused or exacerbated flooding of the Cedar River in June 2008. In February 2016, the Iowa District Court for Linn County ruled in favor of Alliant Energy and CRANDIC and dismissed all claims against them, resulting in no loss. In August 2016, the Iowa District Court for Linn County dismissed all claims against the remaining defendants. In September 2016, plaintiffs filed a notice of appeal with the Supreme Court of Iowa. Alliant Energy does not currently believe any material losses for this complaint are both probable and reasonably estimated, and therefore has not recognized any material loss contingency amounts as of December 31, 2017.

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

**NOTE 16(d) Guarantees and Indemnifications -**

**Whiting Petroleum** - In 2004, Alliant Energy sold its remaining interest in Whiting Petroleum. Whiting Petroleum is an independent oil and gas company. Alliant Energy Resources, LLC, as the successor to a predecessor entity that owned Whiting Petroleum, and a wholly-owned subsidiary of AEF, continues to guarantee the partnership obligations of an affiliate of Whiting Petroleum under general partnership agreements in the oil and gas industry, including with respect to the future abandonment of certain platforms off the coast of California and related onshore plant and equipment owned by the partnerships. The guarantees do not include a maximum limit. As of December 31, 2017, the present value of the abandonment obligations is estimated at \$33 million. Alliant Energy is not aware of any material liabilities related to these guarantees of which it is probable that Alliant Energy Resources, LLC will be obligated to pay and therefore has not recognized any material liabilities related to this guarantee as of December 31, 2017.

**Non-utility Wind Investment in Oklahoma** - In July 2017, a wholly-owned subsidiary of AEF acquired a cash equity ownership interest in a non-utility wind farm located in Oklahoma. The wind farm provides electricity to a third-party under a long-term PPA. Alliant Energy provided a parent guarantee of its subsidiary's indemnification obligations under the related operating agreement and PPA. Alliant Energy's obligations under the operating agreement were \$98 million as of December 31, 2017 and will reduce annually until expiring in July 2047. Alliant Energy's obligations under the PPA are subject to a maximum limit of \$17 million and expire in December 2031, subject to potential extension. Alliant Energy is not aware of any material liabilities related to this guarantee that it is probable that it will be obligated to pay and therefore has not recognized any material liabilities related to this guarantee as of December 31, 2017. Refer to Note 6(a) for further discussion of the non-utility wind investment.

**IPL's Minnesota Electric Distribution Assets** - IPL provided indemnifications associated with the July 2015 sale of its Minnesota electric distribution assets for losses resulting from potential breach of IPL's representations, warranties and obligations under the sale agreement. Alliant Energy and IPL believe the likelihood of having to make any material cash payments under these indemnifications is remote. IPL has not recorded any material liabilities related to these indemnifications as of December 31, 2017. The general terms of the indemnifications provided by IPL included a maximum

limit of \$17 million and expire in October 2020. Refer to Note 3 for further discussion of the sale of IPL's Minnesota electric distribution assets.

**NOTE 16(e) Environmental Matters** - Alliant Energy, IPL and WPL are subject to environmental regulations as a result of their current and past operations. These regulations are designed to protect public health and the environment and have resulted in compliance, remediation, containment and monitoring obligations, which are recorded as current and non-current environmental liabilities. Substantially all of the environmental liabilities recorded on the balance sheets relate to MGP sites.

**MGP Sites** - IPL and WPL have current or previous ownership interests in various sites that are previously associated with the production of gas for which IPL and WPL have, or may have in the future, liability for investigation, remediation and monitoring costs. 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 these former MGP sites in order to protect public health and the environment. At December 31, 2017, estimated future costs expected to be incurred for the investigation, remediation and monitoring of the MGP sites, as well as environmental liabilities recorded on the balance sheets for these sites, which are not discounted, were as follows (in millions). At December 31, 2017, such amounts for WPL were not material.

	Alliant Energy	IPL
Range of estimated future costs	\$11 - \$30	\$9 - \$27
Current and non-current environmental liabilities	15	13

**WPL Consent Decree** - In 2013, the U.S. District Court for the Western District of Wisconsin approved a Consent Decree that WPL, along with the other owners of Edgewater and Columbia, entered into with the EPA and the Sierra Club, thereby resolving claims against WPL. Such claims included allegations that the owners of Edgewater, Nelson Dewey and Columbia violated the Prevention of Significant Deterioration program requirements, Title V Operating Permit requirements of the CAA and the Wisconsin State Implementation Plan designed to implement the CAA.

WPL has completed various requirements under the Consent Decree. WPL's remaining requirements include installing an SCR system at Columbia Unit 2 and fuel switching or retiring Edgewater Unit 4 by December 31, 2018. The Consent Decree also establishes SO<sub>2</sub>, NO<sub>x</sub> and particulate matter emission rate limits for Columbia Units 1 and 2, and Edgewater Units 4 and 5. In addition, the Consent Decree includes annual plant-wide SO<sub>2</sub> and NO<sub>x</sub> emission caps for Columbia and Edgewater. Alliant Energy and WPL currently expect to recover material costs incurred by WPL related to compliance with the terms of the Consent Decree from WPL's electric customers.

**IPL Consent Decree** - In 2015, the U.S. District Court for the Northern District of Iowa approved a Consent Decree that IPL entered into with the EPA, the Sierra Club, the State of Iowa and Linn County in Iowa, thereby resolving potential CAA issues associated with emissions from IPL's coal-fired generating facilities in Iowa. IPL has completed various requirements under the Consent Decree. IPL's remaining requirements include installing an SCR system or equivalent NO<sub>x</sub> reduction system at Ottumwa by December 31, 2019, and fuel switching or retiring Burlington by December 31, 2021 and Prairie Creek Units 1 and 3 by December 31, 2025.

The Consent Decree also establishes SO<sub>2</sub>, NO<sub>x</sub> and particulate matter emission rate limits with varying averaging times for Burlington, Lansing, M.L. Kapp, Ottumwa and Prairie Creek. In addition, the Consent Decree includes calendar-year SO<sub>2</sub> and NO<sub>x</sub> emission caps for Prairie Creek, and calendar-year SO<sub>2</sub> and NO<sub>x</sub> emission caps in aggregate for Burlington, Lansing, M.L. Kapp, Ottumwa and Prairie Creek. Alliant Energy and IPL currently expect to recover material costs incurred by IPL related to compliance with the terms of the Consent Decree from IPL's electric customers.

**Other Environmental Contingencies** - In addition to the environmental liabilities discussed above, various environmental rules are monitored that may have a significant impact on future operations. Several of these environmental rules are subject to legal challenges, reconsideration and/or other uncertainties. Given uncertainties regarding the outcome, timing and compliance plans for these environmental matters, the complete financial impact of each of these rules is not able to be determined; however future capital investments and/or modifications to EGUs to comply with certain of these rules could be significant. Specific current, proposed or potential environmental matters include, among others: CSAPR, Effluent Limitation Guidelines, CCR Rule, and various legislation and EPA regulations to monitor and regulate the emission of GHG, including carbon emissions from new (CAA Section 111(b)) and existing (CAA Section 111(d)) fossil-fueled EGUs.

**NOTE 16(f) Credit Risk** - IPL provides retail electric and gas services in Iowa and wholesale electric service in Minnesota, Illinois and Iowa. WPL provides retail electric and gas services and wholesale electric service in Wisconsin. The geographic concentration of IPL's and WPL's customers did not contribute significantly to overall credit risk exposure. In addition, as a result of a diverse customer base, IPL and WPL did not have any significant credit risk concentration for receivables arising from the sale of electricity or gas services.

Alliant Energy, IPL and WPL are subject to credit risk related to the ability of counterparties to meet their contractual payment obligations or the potential non-performance of counterparties to deliver contracted commodities and other goods or services at the contracted price. Credit policies are maintained to mitigate credit risk. These credit policies include evaluation of the financial condition of certain counterparties, use of credit risk-related contingent provisions in certain agreements that require credit support from counterparties not meeting specific criteria, diversification of counterparties to reduce concentrations of credit risk and the use of standardized agreements that facilitate the netting of cash flows associated with certain counterparties. Based on these credit policies and counterparty diversification, as well as utility cost recovery mechanisms, it is unlikely that counterparty non-performance would have a material effect on financial condition or results of operations. However, there is no assurance that these items will protect against all losses from counterparty non-performance.

Refer to Notes 5(a) and 15 for details of allowances for doubtful accounts and credit risk-related contingent features, respectively.

#### **NOTE 17. SEGMENTS OF BUSINESS**

In the fourth quarter of 2017, Alliant Energy modified the segment reporting related to its ATC Investment, consistent with information used by its chief operating decision maker to evaluate performance and allocate resources. As of December 31, 2017, the ATC Investment is no longer included in Alliant Energy's utility electric operations reportable segment. As a result, all prior period amounts impacted by this change were reclassified to conform to the new presentation. Alliant Energy's related amounts were reclassified from "Electric Utility" to "ATC Investment, Non-Utility, Parent and Other."

**Alliant Energy** - Alliant Energy's principal businesses as of December 31, 2017 are:

- **Utility** - includes the operations of IPL and WPL, which primarily serve retail customers in Iowa and Wisconsin. The utility business has three reportable segments: a) utility electric operations; b) utility gas operations; and c) utility other, which includes steam operations and the unallocated portions of the utility business. Various line items in the following tables are not allocated to the electric and gas segments for management reporting purposes, and therefore, are included only in "Total Utility."
- **ATC Investment, Non-utility, Parent and Other** - includes the operations of AEF and its subsidiaries, Corporate Services, the Alliant Energy parent company, and any Alliant Energy parent company consolidating adjustments. AEF is comprised of Alliant Energy's ATC Investment, Transportation, a non-utility wind investment, the Sheboygan Falls Energy Facility and other non-utility investments, which are described in Note 1(a).

Alliant Energy's administrative support services are directly charged to the applicable segment where practicable. In all other cases, administrative support services are allocated to the applicable segment based on services agreements. Intersegment revenues were not material to Alliant Energy's operations and there was no single customer whose revenues were 10% or more of Alliant Energy's consolidated revenues. All of Alliant Energy's operations and assets are located in the U.S.

Certain financial information relating to Alliant Energy's business segments, which represent the services provided to its customers, was as follows (in millions):

	Utility				ATC Investment, Non-utility, Parent and Other	Alliant Energy Consolidated
	Electric	Gas	Other	Total		
<b>2017</b>						
Operating revenues	\$2,894.7	\$400.9	\$47.5	\$3,343.1	\$39.1	\$3,382.2
Depreciation and amortization	412.0	38.2	7.7	457.9	3.9	461.8
Operating income (loss)	586.5	45.3	(11.7)	620.1	33.3	653.4
Interest expense				206.2	9.4	215.6
Equity income from unconsolidated investments, net	(0.7)	—	—	(0.7)	(44.1)	(44.8)
Income taxes				51.0	15.7	66.7
Net income attributable to Alliant Energy common shareholders				403.4	53.9	457.3
Total assets	11,396.2	1,199.8	766.5	13,362.5	825.3	14,187.8
Investments in equity method subsidiaries	8.3	—	—	8.3	373.1	381.4
Construction and acquisition expenditures	1,154.9	125.2	1.7	1,281.8	185.1	1,466.9

2016	Utility				ATC Investment, Non-utility, Parent and Other	Alliant Energy Consolidated
	Electric	Gas	Other	Total		
Operating revenues	\$2,875.5	\$355.4	\$48.6	\$3,279.5	\$40.5	\$3,320.0
Depreciation and amortization	367.0	34.2	2.1	403.3	8.3	411.6
Operating income (loss)	571.9	30.7	(4.8)	597.8	(60.8)	537.0
Interest expense				194.6	1.6	196.2
Equity income from unconsolidated investments, net	(0.7)	—	—	(0.7)	(38.9)	(39.6)
Income tax expense (benefit)				71.4	(12.0)	59.4
Net income (loss) attributable to Alliant Energy common shareowners				385.2	(13.7)	371.5
Total assets	10,722.9	1,091.1	781.0	12,595.0	778.8	13,373.8
Investments in equity method subsidiaries	7.7	—	—	7.7	318.3	326.0
Construction and acquisition expenditures	994.0	137.1	0.1	1,131.2	65.6	1,196.8

2015	Utility				ATC Investment, Non-utility, Parent and Other	Alliant Energy Consolidated
	Electric	Gas	Other	Total		
Operating revenues	\$2,770.5	\$381.2	\$57.9	\$3,209.6	\$44.0	\$3,253.6
Depreciation and amortization	358.6	31.1	1.8	391.5	9.8	401.3
Operating income	514.1	34.6	1.9	550.6	26.4	577.0
Interest expense				189.2	(2.1)	187.1
Equity income from unconsolidated investments, net	(0.9)	—	—	(0.9)	(32.9)	(33.8)
Income taxes				46.2	24.2	70.4
Net income attributable to Alliant Energy common shareowners				343.4	34.8	378.2
Total assets	9,918.0	939.3	828.9	11,686.2	809.0	12,495.2
Investments in equity method subsidiaries	8.7	—	—	8.7	294.2	302.9
Construction and acquisition expenditures	852.5	106.4	1.4	960.3	74.0	1,034.3

#### NOTE 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. The related amounts billed between the parties were as follows (in millions):

	2017	2016	2015
ATC billings to WPL	<b>\$105</b>	\$110	\$101
WPL billings to ATC	<b>10</b>	13	13

As of December 31, 2017 and 2016, WPL owed ATC net amounts of \$9 million and \$8 million, respectively.

Refer to Note 6(a) for discussion of WPL's transfer of its investment in ATC to ATI on December 31, 2016.



**NOTE 19. SELECTED CONSOLIDATED QUARTERLY FINANCIAL DATA (UNAUDITED)**

**Alliant Energy** - All “per share” references refer to earnings per diluted share. Summation of the individual quarters may not equal annual totals due to rounding.

	2017				2016			
	March 31	June 30	Sep. 30	Dec. 31	March 31	June 30	Sep. 30	Dec. 31
	(in millions, except per share data)							
Operating revenues	\$853.9	\$765.3	\$906.9	\$856.1	\$843.8	\$754.6	\$924.6	\$797.0
Operating income	142.9	149.3	231.5	129.7	145.9	128.6	162.6	99.9
Amounts attributable to Alliant Energy common shareowners:								
Income from continuing operations, net of tax	99.0	94.3	168.8	93.8	97.6	84.4	128.8	63.0
Income (loss) from discontinued operations, net of tax	1.4	—	—	—	(1.1)	(0.5)	(0.4)	(0.3)
Net income	100.4	94.3	168.8	93.8	96.5	83.9	128.4	62.7
Earnings per weighted average common share attributable to Alliant Energy common shareowners:								
Income from continuing operations, net of tax	0.43	0.41	0.73	0.41	0.43	0.37	0.57	0.28
Income from discontinued operations, net of tax	0.01	—	—	—	—	—	—	—
Net income	0.44	0.41	0.73	0.41	0.43	0.37	0.57	0.28

**SELECTED FINANCIAL AND OPERATING STATISTICS****Financial Information - Alliant Energy**

<b><u>Financial Information - Alliant Energy</u></b>	<b>2017 (a)</b>	<b>2016 (a)</b>	<b>2015 (a)</b>	<b>2014</b>	<b>2013</b>
	(dollars in millions, except per share data)				
<b>Income Statement Data:</b>					
Operating revenues	<b>\$3,382.2</b>	\$3,320.0	\$3,253.6	\$3,350.3	\$3,276.8
Amounts attributable to Alliant Energy common shareowners:					
Income from continuing operations, net of tax	<b>455.9</b>	373.8	380.7	385.5	364.2
Income (loss) from discontinued operations, net of tax	<b>1.4</b>	(2.3)	(2.5)	(2.4)	(5.9)
Net income	<b>457.3</b>	371.5	378.2	383.1	358.3
<b>Common Stock Data:</b>					
Earnings per weighted average common share attributable to Alliant Energy common shareowners (basic and diluted):					
Income from continuing operations, net of tax	<b>\$1.99</b>	\$1.65	\$1.69	\$1.74	\$1.64
Loss from discontinued operations, net of tax	<b>\$—</b>	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.02)
Net income	<b>\$1.99</b>	\$1.64	\$1.68	\$1.73	\$1.62
Common shares outstanding at year-end (000s)	<b>231,349</b>	227,674	226,918	221,871	221,887
Dividends declared per common share	<b>\$1.26</b>	\$1.175	\$1.10	\$1.02	\$0.94
Market value per share at year-end	<b>\$42.61</b>	\$37.89	\$31.225	\$33.21	\$25.80
Book value per share at year-end	<b>\$18.08</b>	\$16.96	\$16.41	\$15.50	\$14.79
Market capitalization at year-end	<b>\$9,857.8</b>	\$8,626.6	\$7,085.5	\$7,368.3	\$5,724.7
<b>Other Selected Financial Data:</b>					
Cash flows from operating activities	<b>\$983.4</b>	\$859.6	\$871.2	\$891.6	\$731.0
Construction and acquisition expenditures	<b>\$1,466.9</b>	\$1,196.8	\$1,034.3	\$902.8	\$798.3
Total assets at year-end	<b>\$14,187.8</b>	\$13,373.8	\$12,495.2	\$12,063.5	\$11,092.5
Long-term obligations, net	<b>\$4,870.6</b>	\$4,325.1	\$3,837.0	\$3,768.7	\$3,318.2

(a) Refer to “Results of Operations” in MDA for discussion of the 2017, 2016 and 2015 results of operations.

<b>Electric Operating Information - Alliant Energy</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Operating Revenues (in millions):</b>			
Retail	\$2,569.6	\$2,564.8	\$2,474.1
Sales for resale	268.8	266.7	249.5
Other	56.3	44.0	46.9
Total	<u>\$2,894.7</u>	<u>\$2,875.5</u>	<u>\$2,770.5</u>
<b>Electric Sales (000s MWh):</b>			
Retail	25,095	25,339	25,380
Sales for resale	5,003	4,399	4,842
Other	94	100	129
Total	<u>30,192</u>	<u>29,838</u>	<u>30,351</u>
<b>Customers (End of Period):</b>			
Retail	959,295	955,533	950,048
Other	2,826	2,785	2,930
Total	<u>962,121</u>	<u>958,318</u>	<u>952,978</u>
<b>Other Selected Electric Data:</b>			
Maximum summer peak hour demand (MW)	5,375	5,615	5,385
Maximum winter peak hour demand (MW)	4,504	4,559	4,668
Cooling degree days (a):			
Cedar Rapids, Iowa (IPL) (normal - 748)	747	971	732
Madison, Wisconsin (WPL) (normal - 646)	578	780	665
Sources of electric energy (000s MWh):			
Gas	5,315	4,505	4,738
Purchased power:			
Nuclear	3,727	3,444	3,741
Wind (b)	1,268	1,079	1,190
Other (b)	6,242	8,912	6,675
Wind (b)	1,591	1,382	1,441
Coal	12,380	11,019	13,040
Other (b)	239	228	189
Total	<u>30,762</u>	<u>30,569</u>	<u>31,014</u>
Revenue per KWh sold to retail customers (cents)	10.24	10.12	9.75

- (a) Cooling degree days are calculated using a simple average of the high and low temperatures each day compared to a 65 degree base. Normal degree days are calculated using a rolling 20-year average of historical cooling degree days. Refer to "Gas Operating Information" below for details of heating degree days.
- (b) All or some of the renewable energy attributes associated with generation from these sources may be used in future years to comply with renewable energy standards or other regulatory requirements, or sold to third parties in the form of renewable energy credits or other environmental commodities.

<b>Gas Operating Information - Alliant Energy</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Operating Revenues (in millions):</b>			
Retail	\$364.6	\$322.4	\$349.9
Transportation/other	36.3	33.0	31.3
Total	<u>\$400.9</u>	<u>\$355.4</u>	<u>\$381.2</u>
<b>Gas Sales (000s Dths):</b>			
Retail	49,250	47,743	48,635
Transportation/other	76,916	77,485	74,162
Total	<u>126,166</u>	<u>125,228</u>	<u>122,797</u>
<b>Retail Customers at End of Period</b>	<b>413,054</b>	<b>411,758</b>	<b>409,405</b>
<b>Other Selected Gas Data:</b>			
Heating degree days (a):			
Cedar Rapids, Iowa (IPL) (normal - 6,769)	6,076	5,933	6,300
Madison, Wisconsin (WPL) (normal - 7,043)	6,569	6,420	6,667
Revenue per Dth sold to retail customers	\$7.40	\$6.75	\$7.19
Purchased gas costs per Dth sold to retail customers	\$4.23	\$3.99	\$4.40

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

## Our leaders

### BOARD OF DIRECTORS



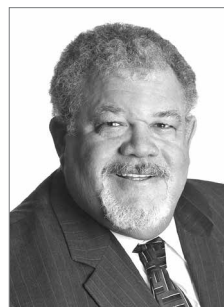
**Patricia L. Kampling**  
Chairman of the Board  
and Chief Executive Officer  
Director since 2012  
Age 58



**Patrick E. Allen**  
Senior Vice President and  
Chief Financial Officer,  
Rockwell Collins, Inc.  
Director since 2011  
Age 53



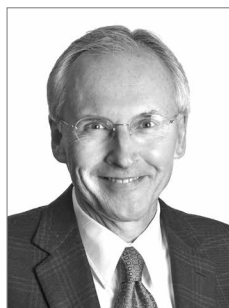
**Deborah B. Dunie**  
Former Executive Vice  
President and Chief  
Technology Officer,  
CACI International Inc.  
Director since 2015  
Age 54



**Darryl B. Hazel**  
Former Senior Vice President,  
Ford Motor Company  
Director since 2006  
Age 69



**Singleton B. McAllister**  
Of Counsel,  
Husch Blackwell  
Director since 2001  
Age 66



**Thomas F. O'Toole**  
Senior Fellow and Clinical  
Professor of Marketing  
at the Kellogg School  
of Management,  
Northwestern University  
Director since 2015  
Age 60



**Dean C. Oestreich**  
Former Chairman,  
Pioneer Hi-Bred  
International, Inc.  
Director since 2005  
Age 66



**Carol P. Sanders**  
President,  
Carol P. Sanders  
Consulting LLC  
Director since 2005  
Age 51



**Susan D. Whiting**  
Former Vice Chair,  
Nielsen, N.V.  
Director since 2013  
Age 61

Information as of  
April 1, 2018. For  
detailed information  
on each board member,  
please refer to the proxy  
statement for the 2018  
Annual Meeting of  
Shareowners.

### CORPORATE OFFICERS

**Patricia L. Kampling, 58 [2005]\***  
*Chairman and CEO*

**John O. Larsen, 54 [1988]\***  
*President – Alliant Energy  
Corporation and Wisconsin Power  
and Light, Senior Vice President –  
Interstate Power and Light*

**Robert J. Durian, 47 [1992]\***  
*Senior Vice President, Chief  
Financial Officer and Treasurer*

**James H. Gallegos, 57 [2010]\***  
*Senior Vice President, General  
Counsel and Corporate Secretary*

**Douglas R. Kopp, 64 [1992]\***  
*Senior Vice President,  
President – Interstate Power  
and Light*

**David A. de Leon, 55 [1987]**  
*Vice President*

**Terry L. Kouba, 59 [1981]**  
*Vice President*

**Gregg E. Lawry, 58 [1983]**  
*Vice President*

**Dirk E. Mahling, 57 [2016]**  
*Vice President*

**Linda K. Mattes, 57 [1982]**  
*Vice President*

**Jeanine A. Penticoff, 55 [1999]**  
*Vice President*

**Joel J. Schmidt, 54 [1988]**  
*Vice President*

**Reuben P. Srinivasan, 54 [2017]**  
*Vice President*

**Barbara P. Tormasch, 53 [2016]**  
*Vice President*

**Benjamin M. Bilitz, 43 [2011]\***  
*Chief Accounting Officer  
and Controller*

**Wenyu T. Blanchard, 44 [2016]**  
*Assistant Corporate Secretary*

**Melissa A. Kehoe, 33 [2016]**  
*Assistant Controller*

**Neil M. Krebsbach, 58 [1995]**  
*Assistant Treasurer*

### NON-UTILITY BUSINESS OFFICER

**Kevin P. Burke, 59 [1981]**  
*President – Alliant Energy  
Transportation*

\*Executive officer

Officers and ages are as of April 1, 2018.

Dates in brackets represent the year  
each person joined the company or a  
predecessor company that ultimately  
became part of Alliant Energy.

## Shareowner information

### Stock exchange listings

	Trading exchange	Trading symbol
Alliant Energy – Common stock	New York Stock Exchange	LNT
Interstate Power and Light Company – 5.1% Preferred	New York Stock Exchange	IPL Pr D

### Alliant Energy common stock quarterly price ranges and dividends

Quarter	2016			2017		
	High	Low	Dividend	High	Low	Dividend
First	\$ 37.175	\$ 30.375	\$ 0.29375	\$ 40.32	\$ 36.56	\$ 0.315
Second	40.24	34.075	0.29375	42.19	38.95	0.315
Third	40.99	37.09	0.29375	43.69	39.36	0.315
Fourth	38.67	34.88	0.29375	45.55	41.05	0.315
<b>Year</b>	<b>40.99</b>	<b>30.375</b>	<b>1.175</b>	<b>45.55</b>	<b>36.56</b>	<b>1.26</b>

Alliant Energy Corporation 2017 year-end common stock closing price: \$42.61.

### 2018 record and dividend payment dates

Anticipated record and payment dates are as follows:

Common stock	
Record dates	Payment dates
Jan 31	Feb 15
Apr 30	May 15
Jul 31	Aug 15
Oct 31	Nov 15

Alliant Energy Corporation had 26,165 shareowners of record as of December 31, 2017. Shareowner records were maintained by Wells Fargo Shareowner Services in St. Paul, Minnesota.

### Annual Meeting

The 2018 Annual Meeting of Shareowners will be a virtual-only meeting (no physical location). The meeting will be held on Thursday, May 17, at 10:30 a.m. Central Daylight Time. To access the meeting, you will need your 16-digit control number found on your proxy card.

Login at [virtualshareholdermeeting.com/LNT2018](http://virtualshareholdermeeting.com/LNT2018) or listen by phone at 1-877-328-2502.

### Form 10-K information

**Upon request, the company will provide, without charge, copies of the Annual Report on Form 10-K for the year ended December 31, 2017, as filed with the Securities and Exchange Commission (SEC).**

All reports filed with the SEC are also available through our website at [alliantenergy.com/investors](http://alliantenergy.com/investors).

### Electronic access to Alliant Energy's Annual Report, Proxy Statement and Form 10-K

Alliant Energy offers shareowners access to its Annual Report, Proxy Statement and Form 10-K online at [alliantenergy.com/investors](http://alliantenergy.com/investors) as a convenient alternative to mailing the printed materials.

Shareowners who have access to the internet are encouraged to enroll in the electronic access program at [shareowneronline.com](http://shareowneronline.com).

### Shareowner Direct Plan

The Shareowner Direct Plan is available to all shareowners of record and first-time investors. Through the plan, shareowners may buy common stock directly through the company without paying any brokerage commissions. Shareowners can also elect to reinvest the dividend. Full details are in the prospectus, which can be obtained through our website or by calling EQ Shareowner Services. Contact information is listed on this page.

### Direct deposit

Shareowners may choose to have their quarterly dividend electronically deposited into their checking or savings account. Electronic deposit may be initiated or changed at [shareowneronline.com](http://shareowneronline.com) or by calling EQ Shareowner Services. Contact information is listed on this page.

### Duplicate mailings

Shares owned by one person but held in different forms of the same name result in duplicate mailing of shareowner information at added expense to the company. Such duplication can be eliminated only at the direction of the shareowner. Please notify EQ Shareowner Services to eliminate duplication. Contact information is listed on this page.

### Stock transfer agent, registrar and dividend payments

EQ Shareowner Services  
1110 Centre Pointe Curve  
Suite 101  
MAC N9173-010  
Mendota Heights, MN 55120  
Phone: 1-800-356-5343  
7 a.m. to 7 p.m. CT, M-F  
[shareowneronline.com](http://shareowneronline.com)  
Fax: 1-651-450-4033

### Historical research/other company information

For assistance with account history for calculating your cost basis or requests for copies of our Annual Report, Proxy Statement and Form 10-K, please contact Alliant Energy Shareowner Services in Madison, Wis., using the contact information below.

### Alliant Energy Shareowner Services

4902 N. Biltmore Lane  
P.O. Box 14720  
Madison, WI 53708-0720  
Phone: 1-800-353-1089  
Email: [shareownerservices@alliantenergy.com](mailto:shareownerservices@alliantenergy.com)

### Questions? EQ Shareowner Services

Phone: 1-800-356-5343  
7 a.m. to 7 p.m. CT, M-F  
[shareowneronline.com](http://shareowneronline.com)





**Alliant Energy  
Corporate Headquarters**

4902 N. Biltmore Lane  
Madison, WI 53718-2148

General information: 1-800-ALLIANT  
[alliantenergy.com](http://alliantenergy.com)

*Individual shareowner questions*  
Alliant Energy Shareowner Services: 1-800-353-1089

*Stock transfer agent and registrar*  
EQ Shareowner Services: 1-800-356-5343  
[shareowneronline.com](http://shareowneronline.com)

**LNT**  
LISTED  
NYSE

The common stock of Alliant Energy Corp. is traded on the New York Stock Exchange under the symbol LNT.

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