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ALLIANT ENERGY CORP
Form 10-Q
May 01, 2008
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2008
- or
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

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

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

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

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

Alliant Energy Corporation - Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Interstate Power and Light Company - Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Wisconsin Power and Light Company - Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

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

Yes No

Number of shares outstanding of each class of common stock as of April 30, 2008:

Alliant Energy Corporation	Common stock, \$0.01 par value, 110,434,604 shares outstanding
Interstate Power and Light Company	Common stock, \$2.50 par value, 13,370,788 shares outstanding (all of which are owned beneficially and of record by Alliant Energy Corporation)
Wisconsin Power and Light Company	Common stock, \$5 par value, 13,236,601 shares outstanding (all of which are owned beneficially and of record by Alliant Energy Corporation)

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Utility:		
Electric production fuel and purchased power	301.5	280.3
Cost of gas sold	232.1	211.9
Other operation and maintenance	164.8	164.6
Non-regulated operation and maintenance	80.8	41.3
Depreciation and amortization	61.6	66.0
Taxes other than income taxes	26.1	27.8
	866.9	791.9
Operating income	125.1	120.8
Interest expense and other:		
Interest expense	29.7	29.6
Equity income from unconsolidated investments	(7.5)	(7.5)
Allowance for funds used during construction	(3.2)	(1.5)
Preferred dividend requirements of subsidiaries	4.7	4.7
Interest income and other	(7.1)	(8.5)
	16.6	16.8
Income from continuing operations before income taxes	108.5	104.0
Income taxes	40.4	38.8
Income from continuing operations	68.1	65.2
Loss from discontinued operations, net of tax	-	(1.3)
Net income	\$68.1	\$63.9
Weighted average number of common shares outstanding (basic) (000s)	110,148	115,420
Weighted average number of common shares outstanding (diluted) (000s)	110,304	115,754
Earnings per weighted average common share (basic and diluted):		
Income from continuing operations	\$0.62	\$0.56
Loss from discontinued operations	-	(0.01)
Net income	\$0.62	\$0.55
Dividends declared per common share	\$0.35	\$0.3175

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

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ALLIANT ENERGY CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

ASSETS	March 31, 2008	December 31, 2007
	(in millions)	
Property, plant and equipment:		
Utility:		
Electric plant in service	\$5,680.5	\$5,633.7
Gas plant in service	733.5	726.3
Other plant in service	476.1	466.8
Accumulated depreciation	(2,727.7)	(2,692.5)
	4,162.4	4,134.3
Net plant		
Construction work in progress:		
Cedar Ridge Wind Farm	99.1	41.8
Other	156.5	153.6
Other, less accumulated depreciation (accum. depr.)	21.3	4.6
	4,439.3	4,334.3
Non-regulated and other:		
Non-regulated Generation, less accum. depr.	237.6	240.5
Other non-regulated investments, less accum. depr.	66.3	66.1
Alliant Energy Corporate Services, Inc. and other, less accum. depr.	39.5	39.0
	343.4	345.6
	4,782.7	4,679.9
Current assets:		
Cash and cash equivalents	632.4	745.6
Accounts receivable:		
Customer, less allowance for doubtful accounts	275.6	154.7
Unbilled utility revenues	128.1	151.6
Other, less allowance for doubtful accounts	68.5	40.6
Production fuel, at weighted average cost	82.7	92.2
Materials and supplies, at weighted average cost	47.2	45.6
Gas stored underground, at weighted average cost	12.9	70.5
Regulatory assets	45.7	58.5
Derivative assets	41.1	34.1
Other	67.9	78.9
	1,402.1	1,472.3
Investments:		
Investment in American Transmission Company LLC	174.3	172.2
Other	65.8	65.7

	240.1	237.9
Other assets:		
Regulatory assets	467.7	491.7
Deferred charges and other	296.5	307.9
	764.2	799.6
Total assets	\$7,189.1	\$7,189.7

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

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

CAPITALIZATION AND LIABILITIES	March 31, 2008	December 31, 2007
	(in millions, except per share and share amounts)	
Capitalization:		
Common stock - \$0.01 par value - authorized 240,000,000 shares; outstanding 110,436,824 and 110,359,314 shares	\$1.1	\$1.1
Additional paid-in capital	1,493.3	1,483.4
Retained earnings	1,232.0	1,205.2
Accumulated other comprehensive income	0.8	0.2
Shares in deferred compensation trust - 242,189 and 294,196 shares at a weighted average cost of \$30.85 and \$29.65 per share	(7.5)	(8.7)
Total common equity	2,719.7	2,681.2
Cumulative preferred stock of subsidiaries, net	243.8	243.8
Long-term debt, net (excluding current portion)	1,403.6	1,404.5
	4,367.1	4,329.5
Current liabilities:		
Current maturities	140.1	140.1
Commercial paper	79.9	81.8
Other short-term borrowings	3.1	29.5
Accounts payable	333.9	346.7
Regulatory liabilities	85.9	86.5
Accrued taxes	87.4	74.7
Other	173.0	177.7
	903.3	937.0
Other long-term liabilities and deferred credits:		

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Deferred income taxes	838.4	822.9
Regulatory liabilities	665.5	656.4
Pension and other benefit obligations	199.6	206.4
Other	211.3	233.6
	1,914.8	1,919.3
Minority interest	3.9	3.9
Total capitalization and liabilities	\$7,189.1	\$7,189.7

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

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

	For the Three Months Ended March 31,	
	2008	2007
	(in millions)	
Cash flows from operating activities:		
Net income	\$68.1	\$63.9
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	61.6	66.0
Other amortizations	11.8	12.0
Deferred tax expense (benefit) and investment tax credits	(1.3)	10.2
Equity income from unconsolidated investments, net	(7.5)	(7.5)
Distributions from equity method investments	6.4	4.4
Other	0.3	(4.6)
Other changes in assets and liabilities:		
Accounts receivable	(47.6)	61.9
Sale of accounts receivable	(75.0)	(50.0)
Income tax refunds receivable	13.4	16.7
Gas stored underground	57.6	41.8
Derivative assets	(10.0)	(1.9)
Regulatory assets	5.8	80.8
Accounts payable	(9.7)	(19.4)
Accrued taxes	13.0	(4.3)
Derivative liabilities	(23.3)	(61.9)
Regulatory liabilities	5.9	(19.3)
Deferred revenues	32.3	0.4
Accrued incentive compensation and other	(14.9)	(21.6)
Net cash flows from operating activities	86.9	167.6
Cash flows used for investing activities:		
Construction and acquisition expenditures:		
Utility business	(126.5)	(97.4)
Alliant Energy Corporate Services, Inc. and non-regulated businesses	(6.3)	(5.2)
Proceeds from asset sales	0.4	57.9

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Purchases of emission allowances	-	(23.9)
Changes in restricted cash	(1.2)	11.9
Other	17.3	11.6
Net cash flows used for investing activities	(116.3)	(45.1)
Cash flows used for financing activities:		
Common stock dividends	(38.6)	(36.8)
Repurchase of common stock	(1.4)	(145.1)
Proceeds from issuance of common stock	0.7	25.4
Reductions in long-term debt	(1.0)	(62.0)
Net change in short-term borrowings	(28.3)	(76.6)
Changes in cash overdrafts	(16.9)	12.3
Other	1.7	4.6
Net cash flows used for financing activities	(83.8)	(278.2)
Net decrease in cash and cash equivalents	(113.2)	(155.7)
Total cash and cash equivalents at beginning of period	745.6	266.0
Total cash and cash equivalents at end of period	632.4	110.3
Less: cash and cash equivalents classified as held for sale at end of period	-	0.1
Cash and cash equivalents at end of period	\$632.4	\$110.2

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

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ALLIANT ENERGY CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

In the opinion of management, all adjustments, which unless otherwise noted are normal and recurring in nature, necessary for a fair presentation of the condensed consolidated results of operations for the three months ended March 31, 2008 and 2007, the condensed consolidated financial position at March 31, 2008 and Dec. 31, 2007, and the condensed consolidated statements of cash flows for the three months ended March 31, 2008 and 2007 have been made. Results for the three months ended March 31, 2008 are not necessarily indicative of results that may be expected for the year ending Dec. 31, 2008. A change in management's estimates or assumptions could have a material impact on Alliant

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Energy's financial condition and results of operations during the period in which such change occurred. Certain prior period amounts have been reclassified on a basis consistent with the current period financial statement presentation. Unless otherwise noted, the notes herein have been revised to exclude discontinued operations for all periods presented.

(b) Regulatory Assets and Liabilities -

Derivatives - IPL and WPL generally record regulatory assets or liabilities to offset the changes in fair value of derivatives. Refer to Note 11(a) for information regarding the fair value of derivatives at March 31, 2008 and Dec. 31, 2007.

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

	Alliant Energy		IPL		WPL	
	March 31, 2008	Dec. 31, 2007	March 31, 2008	Dec. 31, 2007	March 31, 2008	Dec. 31, 2007
WPL's base-load project (a)	\$19.6	\$17.3	\$--	\$--	\$19.6	\$17.3
IPL's base-load project (b)	17.8	12.0	17.8	12.0	--	--
Clean air compliance projects	13.1	12.2	7.6	7.5	5.5	4.7
Wind projects (c)	1.5	28.6	--	27.2	1.5	1.4
	\$52.0	\$70.1	\$25.4	\$46.7	\$26.6	\$23.4

- (a) WPL's proposed 300 megawatt (MW) coal-fired electric generating facility, which WPL expects to be in service in 2013 with a preferred location in Cassville, Wisconsin.
- (b) IPL's proposed 630 MW coal-fired electric generating facility, which IPL expects to be in service in 2013 with a preferred location in Marshalltown, Iowa.
- (c) Includes IPL's proposed 200 MW wind farm in Franklin County, Iowa, expected to be in service in 2010. In February 2008, IPL received approval from the Iowa Utilities Board (IUB) to construct the project. Upon approval, the related cumulative pre-certification and pre-construction costs were transferred from Other assets - regulatory assets to Property, plant and equipment - Utility on Alliant Energy's, and Property, plant and equipment on IPL's, Condensed Consolidated Balance Sheets.

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(c) **Common Shares Outstanding** - A reconciliation of the weighted average common shares outstanding used in the basic and diluted earnings per weighted average common share (EPS) calculation for the three months ended March 31 was as follows (in thousands):

	2008	2007
Weighted average common shares outstanding:		
Basic EPS calculation	110,148	115,420
Effect of dilutive securities	156	334
Diluted EPS calculation	110,304	115,754

(d) **Cash and Cash Equivalents** - At March 31, 2008 and Dec. 31, 2007, the majority of Alliant Energy's cash and cash equivalents were invested in money market funds providing daily liquidity. The yield on these funds can fluctuate daily. Information on Alliant Energy's cash and cash equivalents was as follows (dollars in millions):

March 31, 2008 Dec. 31, 2007

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Total cash and cash equivalents	\$632	\$746
Money market fund investments	\$609	\$737
Interest rates on money market fund investments	3.09 - 3.36%	4.83 - 4.99%

(e) Supplemental Financial Information - The other (income) and deductions included in Interest income and other in Alliant Energy's Condensed Consolidated Statements of Income for the three months ended March 31 were as follows (in millions):

	2008	2007
Interest income	(\$6.9)	(\$4.8)
Gains on investment sales, net	--	(3.6)
Other	(0.2)	(0.1)
	(\$7.1)	(\$8.5)

The supplemental cash flows information for Alliant Energy's Condensed Consolidated Statements of Cash Flows for the three months ended March 31 was as follows (in millions):

	2008	2007
Cash paid during the period for:		
Interest, net of capitalized interest	\$44.0	\$36.6
Income taxes, net of refunds	10.9	2.3

(f) New Accounting Pronouncements - In March 2008, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) 161, Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133. SFAS 161 requires enhanced qualitative and quantitative disclosures about an entity's derivative and hedging activities. Alliant Energy, IPL and WPL are required to adopt SFAS 161 by Jan. 1, 2009. SFAS 161 is not expected to impact their financial condition or results of operations.

In December 2007, the FASB issued SFAS 141(R), Business Combinations. SFAS 141(R) establishes principles and requirements for how the acquiring entity in a business combination: recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree; recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. Alliant Energy, IPL and WPL are required to adopt SFAS 141(R) on Jan. 1, 2009. Because the provisions of SFAS 141(R) are only applied prospectively to business combinations after adoption, the impact to Alliant Energy, IPL and WPL cannot be determined until any business combinations occur.

In December 2007, the FASB issued SFAS 160, Noncontrolling Interests in Consolidated Financial Statements - Including an amendment of Accounting Research Bulletin (ARB) No. 51. SFAS 160 amends ARB No. 51, Consolidated Financial Statements, to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. SFAS 160 also clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. SFAS 160 also changes the way the consolidated income statement is presented, establishes a single method of accounting for changes in a parent's ownership interest in a subsidiary that do not result in deconsolidation, requires that a parent recognize a gain or loss in net income when a subsidiary is deconsolidated and requires expanded disclosures in the consolidated financial statements that clearly identify and distinguish between the interests of the parent's owners and the interests of the noncontrolling owners of a subsidiary. Alliant Energy, IPL and WPL are required to adopt SFAS 160 by Jan. 1, 2009 and are evaluating the implications of SFAS 160 on their financial condition and results of operations.

In April 2007, the FASB issued FASB Staff Position (FSP) No. FIN 39-1, Amendment of FIN 39, Offsetting of Amounts Related to Certain Contracts. FSP FIN 39-1 amends FIN 39 to permit the offsetting of amounts recognized for the right to reclaim cash collateral or the obligation to return cash collateral against amounts recognized for derivative instruments executed with the same counterparty under the same master netting arrangement that have been offset. Alliant Energy, IPL and WPL adopted FSP FIN 39-1 on Jan. 1, 2008 with no material impact on their financial condition and results of operations.

In February 2007, the FASB issued SFAS 159, The Fair Value Option for Financial Assets and Financial Liabilities - Including an amendment of FASB Statement No. 115, which provides companies with an option to report selected financial assets and liabilities at fair value and establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. Alliant Energy, IPL and WPL concluded as of Jan. 1, 2008 that they would not record any eligible items at fair value in accordance with SFAS 159 and therefore there was no impact on their financial condition and results of operations.

In September 2006, the FASB issued SFAS 157, Fair Value Measurements, which defines fair value, establishes a framework for measuring fair value in accordance with GAAP and expands disclosures about fair value measurements. Alliant Energy, IPL and WPL adopted SFAS 157 on Jan. 1, 2008 for financial instruments with no material impact on their financial condition and results of operations. In February 2008, the FASB issued FSP SFAS 157-1, Application of SFAS 157 to SFAS 13 and Other Accounting Pronouncements That Address Fair Value Measurements for Purposes of Lease Classification or Measurement under Statement 13, and FSP SFAS 157-2, Effective Date of SFAS 157. FSP SFAS 157-1 removes leasing transactions accounted for under SFAS 13 and related guidance from the scope of SFAS 157. FSP SFAS 157-2 delays the effective date of SFAS 157 for all nonrecurring fair value measurements of nonfinancial assets and nonfinancial liabilities until Jan. 1, 2009. Refer to Note 10 for expanded disclosures about fair value measurements required by SFAS 157.

In September 2006, the FASB issued SFAS 158, Employers Accounting for Defined Benefit Pension and Other Postretirement Plans - an amendment of FASB Statements No. 87, 88, 106, and 132(R), which requires an employer to recognize the overfunded or underfunded status of its benefit plans as an asset or liability on its balance sheet and to recognize the changes in the funded status of its benefit plans in the year in which they occur as a component of other comprehensive income. Alliant Energy, IPL and WPL adopted the recognition provision of SFAS 158 in 2006. SFAS 158 also requires an employer to measure benefit plan assets and obligations as of the end of its fiscal year. Alliant Energy, IPL and WPL adopted the measurement date transition provision of SFAS 158 in 2008, which resulted in reductions to their Jan. 1, 2008 balance of retained earnings of \$2.7 million, \$1.3 million and \$1.2 million, respectively.

(2) UTILITY RATE REFUNDS

WPL and its wholesale customers reached a settlement of the issues identified in WPL's filing with the Federal Energy Regulatory Commission (FERC) requesting approval to implement a formula rate structure. Final written agreements with WPL's wholesale customers were filed with FERC in February 2008 and, if approved, will result in an over-collection of wholesale electric revenues beginning June 1, 2007. WPL will refund the over-collection, with interest, upon approval in accordance with FERC requirements. As of March 31, 2008, WPL has fully accrued anticipated refunds of \$7 million related to revenues collected during June 1, 2007 through March 31, 2008.

In August 2007, WPL received approval from the Public Service Commission of Wisconsin (PSCW) to refund to its retail electric customers any over-recovery of retail fuel-related costs during the period June 1, 2007 through Dec. 31, 2007. WPL estimates the over-recovery of retail fuel-related costs during this period to be \$20 million, including interest. WPL refunded to its retail electric customers \$4 million in 2007 and \$3 million during the first two months of 2008. In March 2008, WPL filed a request for approval with the PSCW to refund to its retail electric customers the remaining \$13 million, including interest. WPL expects to receive the PSCW's decision in the second quarter of 2008. At March 31, 2008, WPL reserved for the remaining amounts anticipated to be paid to retail electric customers related to these refunds.

(3) COMPREHENSIVE INCOME

Alliant Energy's comprehensive income, and the components of other comprehensive income (loss), net of taxes, for the three months ended March 31 were as follows (in millions):

	2008	2007
Net income	\$68.1	\$63.9
Unrealized gains (losses) on securities, net of tax	0.6	(0.1)
Pension and other postretirement benefits amortizations, net of tax	--	0.2
Unrealized holding gains (losses) on qualifying derivatives, net of tax	--	--
Less: reclassification adjustment for gains included in net income, net of tax	--	0.5
Net unrealized losses on qualifying derivatives	--	(0.5)
Other comprehensive income (loss)	0.6	(0.4)
Comprehensive income	\$68.7	\$63.5

(4) SALES OF ACCOUNTS RECEIVABLE

At March 31, 2008 and Dec. 31, 2007, IPL had sold in the aggregate \$25 million and \$100 million, respectively, of accounts receivable.

(5) INCOME TAXES

The provision for income taxes for earnings from continuing operations is based on an estimated annual effective tax rate that excludes the impact of significant unusual or infrequently occurring items, discontinued operations or extraordinary items. The effective tax rate differs from the federal statutory rate of 35% principally due to state income taxes, tax credits, effects of utility rate making and certain non-deductible expenses. Refer to Note 12(e) for discussion of a tax contingency related to capital losses from Alliant Energy's former Brazil investments.

(6) BENEFIT PLANS

(a) Pension and Other Postretirement Benefits Plans - The components of Alliant Energy's qualified and non-qualified pension benefits and other postretirement benefits costs for the three months ended March 31 were as follows (in millions):

	Pension Benefits		Other Postretirement Benefits	
	2008	2007	2008	2007
Service cost	\$4.1	\$5.0	\$2.1	\$2.1
Interest cost	13.7	12.6	3.8	3.4
Expected return on plan assets	(18.7)	(16.7)	(2.3)	(1.9)
Amortization of:				
Transition obligation	--	--	--	0.1
Prior service cost (credit)	0.7	0.8	(0.9)	(0.9)
Actuarial loss	1.0	2.2	0.9	1.0
	\$0.8	\$3.9	\$3.6	\$3.8

Alliant Energy estimates that funding for the qualified pension, non-qualified pension and other postretirement benefits plans during 2008 will be \$0, \$3 million and \$15 million, respectively, of which \$0, \$0 and \$4 million, respectively, have been contributed through March 31, 2008.

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In 2008, Alliant Energy, IPL and WPL adopted the measurement date transition provision of SFAS 158, which resulted in reductions to their Jan. 1, 2008 balance of retained earnings of \$2.7 million, \$1.3 million and \$1.2 million, respectively. Refer to Note 1(f) for additional information.

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(b) Equity Incentive Plans - A summary of share-based compensation expense related to grants under Alliant Energy's 2002 Equity Incentive Plan (EIP) and the related income tax benefits recognized for the three months ended March 31 was as follows (in millions):

	Alliant Energy		IPL		WPL	
	2008	2007	2008	2007	2008	2007
Share-based compensation expense	\$0.9	\$4.5	\$0.5	\$2.3	\$0.4	\$1.7
Income tax benefits	0.4	1.8	0.2	0.9	0.1	0.7

As of March 31, 2008, total unrecognized compensation cost related to all share-based compensation awards was \$10.4 million, which is expected to be recognized over a weighted average period of two years. Share-based compensation expense is recognized on a straight-line basis over the requisite service periods.

Performance Shares - Alliant Energy anticipates making future payouts of its performance shares in cash; therefore, performance shares were accounted for as liability awards at March 31, 2008 and Dec. 31, 2007. A summary of the performance shares activity for the three months ended March 31 was as follows:

	2008	2007
	Shares (a)	Shares (a)
Nonvested shares at Jan. 1	221,834	277,530
Granted	65,516	58,669
Vested	(78,532)	(104,074)
Forfeited	--	(10,291)
Nonvested shares at March 31	208,818	221,834

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

Information related to nonvested performance shares and their fair values at March 31, 2008, by year of grant, was as follows:

	2008	2007	2006
Nonvested performance shares	65,516	58,669	84,633
Alliant Energy common stock closing price on March 31, 2008	\$35.01	\$35.01	\$35.01
Estimated payout percentage based on performance criteria	90%	104%	152%
Fair values of each nonvested performance share	\$31.51	\$36.41	\$53.22

At March 31, 2008, fair values of nonvested performance shares were calculated using a Monte Carlo simulation to determine the anticipated total shareholder returns of Alliant Energy and its investor-owned utility peer group. Expected volatility was based on historical volatilities using daily stock prices over the past three years. Expected dividend yields were calculated based on the most recent quarterly dividend rates announced prior to the measurement date and stock prices at the measurement date. The risk-free interest rate was based on the three-year U.S. Treasury rate in effect as of the measurement date.

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In the first quarter of 2008 and 2007, Alliant Energy's performance share payouts were valued at \$5.0 million and \$5.9 million, respectively, and consisted of a combination of cash and common stock (3,835 shares and 8,641 shares, respectively).

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

Time-based restricted stock - A summary of the time-based restricted stock activity for the three months ended March 31 was as follows:

	2008		2007	
	Shares	Weighted Average Fair Value	Shares	Weighted Average Fair Value
Nonvested shares at Jan. 1	165,832	\$30.66	182,886	\$27.89
Granted	45,776	35.63	41,700	36.66
Vested	(35,300)	27.73	(13,304)	26.05
Nonvested shares at March 31	176,308	32.54	211,282	29.73

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Performance-contingent restricted stock - A summary of the performance-contingent restricted stock activity for the three months ended March 31 was as follows:

	2008		2007	
	Shares	Weighted Average Fair Value	Shares	Weighted Average Fair Value
Nonvested shares at Jan. 1	135,348	\$32.42	149,563	\$28.12
Granted	65,516	40.49	58,669	37.94
Vested	(54,991)	28.20	(58,015)	28.04
Forfeited	(21,688)	28.19	(14,869)	28.06
Nonvested shares at March 31	124,185	39.28	135,348	32.42

Non-qualified Stock Options - A summary of the stock option activity for the three months ended March 31 was as follows:

	2008		2007	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at Jan. 1	542,844	\$27.45	1,768,236	\$27.70
Exercised	(24,429)	28.20	(903,272)	28.15
Outstanding at March 31	518,415	27.41	864,964	27.23
Exercisable at March 31	518,415	27.41	864,964	27.23

The weighted average remaining contractual term for options outstanding and exercisable at March 31, 2008 was three years. The aggregate intrinsic value of options outstanding and exercisable at March 31, 2008 was \$3.9 million.

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Other information related to stock option activity for the three months ended March 31 was as follows (in millions):

	2008	2007
Cash received from stock options exercised	\$0.7	\$25.4
Aggregate intrinsic value of stock options exercised	0.2	11.0
Income tax benefit from the exercise of stock options	0.1	4.5
Total fair value of stock options vested during period	--	0.4

(7) COMMON STOCK

A summary of Alliant Energy's common stock activity during the first quarter of 2008 was as follows:

Shares outstanding at Jan. 1, 2008	110,359,314
Equity incentive plans (Note 6(b))	117,868
Other (a)	(40,358)
Shares outstanding at March 31, 2008	110,436,824

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

In the first quarter of 2008, IPL received a capital contribution of \$100 million from its parent.

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(8) DEBT

(a) **Short-term Debt** - At March 31, 2008, commercial paper issued under Alliant Energy's, IPL's and WPL's credit facilities, letters of credit outstanding and other short-term borrowings were as follows (dollars in millions; Not Applicable (N/A)):

	Alliant Energy (Consolidated)	Parent Company	IPL	WPL
Commercial paper:				
Amount outstanding	\$79.9	\$--	\$8.3	\$71.6
Maturity	1 day	N/A	1 day	1 day
Interest rates	3.40-3.55%	N/A	3.55%	3.40%
Letters of credit outstanding	\$11.0 (a)	\$11.0 (a)	\$--	\$--
Available credit facility capacity	\$559.1 (a)	\$89.0 (a)	\$291.7	\$178.4
Other short-term borrowings:				
Amount outstanding	\$3.1	\$--	\$3.1	\$--
Maturity	30 days	N/A	30 days	N/A
Interest rate	4.04%	N/A	4.04%	N/A

(a) In March 2007, a \$10.8 million letter of credit was issued under Alliant Energy's credit agreement on behalf of Alliant Energy Neenah, LLC (Neenah). This letter of credit provides security for Neenah's performance of its obligations under the purchased power agreement (PPA)

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with We Energies through May 2008. This letter of credit reduced Alliant Energy's available borrowing capacity under its credit agreement.

(b) Long-term Debt - In March 2008, IPL and WPL converted certain pollution control revenue bonds from variable interest rates to fixed interest rates as follows (dollars in millions):

	Amount Converted	Due Dates	Fixed Interest Rate
IPL	\$38.4	2014	5%
WPL	24.5	2014 and 2015	5%
WPL	14.6	2015	5.375%

(9) UNCONSOLIDATED EQUITY INVESTMENTS

Equity (income) loss from Alliant Energy's unconsolidated investments accounted for under the equity method of accounting for the three months ended March 31 was as follows (in millions):

	2008	2007
American Transmission Company LLC (ATC)	(\$7.3)	(\$6.4)
Other	(0.2)	(1.1)
	(\$7.5)	(\$7.5)

(10) FAIR VALUE MEASUREMENTS

On Jan. 1, 2008, Alliant Energy adopted the provisions of SFAS 157, with the exception of nonrecurring fair value measurements of nonfinancial assets and nonfinancial liabilities. These nonrecurring nonfinancial assets and nonfinancial liabilities included asset retirement obligations and goodwill. Refer to Note 1(f) for additional information on SFAS 157.

Valuation Hierarchy - SFAS 157 establishes a three-tier fair value hierarchy for disclosure of the inputs used to measure fair value. Level 1 inputs include observable inputs such as unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 inputs are unadjusted quoted prices in active markets for similar assets and liabilities that are either directly or indirectly observable. Level 3 inputs are unobservable inputs for the assets or liabilities for which little or no market data exist, therefore requiring Alliant Energy, IPL and WPL to develop their own estimates of fair value.

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Alliant Energy's recurring fair value measurements subject to the disclosure requirements of SFAS 157 at March 31, 2008 were as follows (in millions):

	Fair Value Measurements at March 31, 2008	Fair Value Measurements at March 31, 2008 Using:		
		Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Derivative assets	\$46.8	\$--	\$34.8	\$12.0

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Available-for-sale securities	6.1	6.1	--	--
Liabilities:				
Derivative liabilities	(2.5)	--	(1.2)	(1.3)

Additional information for Alliant Energy's recurring fair value measurements using significant unobservable inputs (Level 3 inputs) is as follows (in millions):

	Derivative Assets and Liabilities, net
Beginning balance, Jan. 1, 2008	\$27.7
Total gains or (losses) (realized/unrealized) included in changes in net assets (a)	(6.6)
Purchases, sales, issuances and settlements, net	(10.4)
Ending balance, March 31, 2008	\$10.7

The amount of total gains or (losses) for the period included in changes in net assets attributable to the change in unrealized gains or (losses) relating to assets and liabilities held at March 31, 2008 (a) (\$1.5)

(a) Recorded in Regulatory assets and Regulatory liabilities on Alliant Energy's Condensed Consolidated Balance Sheet.

Valuation Techniques - Available-for-sale securities reflected in Level 1 of the valuation hierarchy are primarily related to Resources investment in Capstone Turbine Corporation's common stock and IPL's investments in various debt and equity securities that are measured at fair value each reporting period using quoted market prices on listed exchanges. Derivative instruments reflected in Level 2 of the valuation hierarchy are primarily related to natural gas swap contracts utilized by IPL and WPL. These natural gas swap contracts are transacted with counterparties and mirror exchange-traded futures. Therefore, these natural gas swap contracts can be measured at fair value each reporting period using data that is observable in the market place based on activity traded on the public exchange. Derivative instruments reflected in Level 3 of the hierarchy represent financial transmission rights utilized by IPL and WPL that are measured at fair value each reporting period using monthly or annual auction shadow prices from relevant auctions.

(11) DERIVATIVE INSTRUMENTS

(a) Accounting for Derivative Instruments - Alliant Energy records derivative instruments at fair value on the balance sheet as assets or liabilities. IPL and WPL generally record changes in the derivatives' fair values with offsets to regulatory assets or liabilities. Current derivative assets were included in Derivative assets, non-current derivative assets were included in Deferred charges and other, current derivative liabilities were included in Other current liabilities and non-current derivative liabilities were included in Other long-term liabilities and deferred credits on the Condensed Consolidated Balance Sheets as follows (in millions):

	Alliant Energy		IPL		WPL	
	March 31, 2008	Dec. 31, 2007	March 31, 2008	Dec. 31, 2007	March 31, 2008	Dec. 31, 2007
Current derivative assets	\$41.1	\$34.1	\$33.5	\$19.0	\$7.5	\$14.9
Non-current derivative assets	5.7	2.7	5.4	2.4	--	--
Current derivative liabilities	1.8	24.3	1.7	16.6	0.1	7.7
Non-current derivative liabilities	0.7	1.5	0.7	1.5	--	--

IPL's and WPL's derivative assets and liabilities are primarily related to purchase contracts to supply fixed-price natural gas for the natural gas-fired electric generating facilities they operate, swap contracts to mitigate pricing volatility for natural gas supplied to their retail customers and financial transmission rights. Changes in derivative assets and liabilities during the first quarter of 2008 were primarily due to natural gas price fluctuations and settlements of financial transmission rights.

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(b) Weather Derivatives - In October 2007, IPL and WPL each entered into separate non-exchange traded swap agreements based on heating degree days (HDD) measured in Cedar Rapids, Iowa and Madison, Wisconsin, respectively, to reduce the impact of weather volatility on IPL's and WPL's margins for the period Nov. 1, 2007 to March 31, 2008. The actual HDD for the period Nov. 1, 2007 to Dec. 31, 2007 were higher than those specified in the contracts, resulting in Alliant Energy paying the counterparty \$3.6 million (IPL paying \$2.2 million and WPL paying \$1.4 million) in January 2008. In addition, the actual HDD for the period Jan. 1, 2008 to March 31, 2008 were higher than those specified in the contracts, resulting in Alliant Energy paying the counterparty \$5.4 million (\$3.2 million for IPL and \$2.2 million for WPL) in April 2008.

A summary of the losses resulting from changes in the value of weather derivatives for the three months ended March 31 was as follows (in millions):

	Electric Utility Operating Revenues		Gas Utility Operating Revenues	
	2008	2007	2008	2007
Alliant Energy	(\$2.6)	(\$2.2)	(\$2.8)	(\$2.2)
IPL	(1.7)	(1.7)	(1.5)	(1.2)
WPL	(0.9)	(0.5)	(1.3)	(1.0)

(12) COMMITMENTS AND CONTINGENCIES

(a) Capital Purchase Obligations - Alliant Energy, IPL and WPL have entered into capital purchase obligations that contain minimum future commitments. At March 31, 2008, Alliant Energy's, IPL's and WPL's minimum future commitments related to certain capital expenditures for their proposed wind and clean air compliance projects were as follows (in millions):

	Alliant Energy	IPL	WPL
Wind projects	\$38	\$10	\$28
Clean air compliance projects	38	38	--

(b) Operating Expense Purchase Obligations - Alliant Energy, IPL and WPL have entered into operating expense purchase obligations that contain minimum future commitments. The most significant of these purchase obligations relate to commodity supply, transportation and storage contracts for their utility operations. At March 31, 2008, Alliant Energy's, IPL's and WPL's minimum future commitments related to these operating expense purchase obligations were as follows (in millions):

	Alliant Energy	IPL	WPL
Purchased power (excluding operating leases)	\$1,664	\$1,128	\$536
Natural gas	554	165	389
Coal (a)	355	109	58
Other (b)	83	49	6

(a) Corporate Services has entered into system-wide coal purchase contracts on behalf of IPL and WPL that include minimum future commitments of \$188 million that have not been directly assigned to IPL and WPL since the specific needs of each utility were not yet known as of March 31, 2008.

(b) Includes individual commitments incurred during the normal course of business that exceeded \$1 million at March 31, 2008.

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(c) Guarantees and Indemnifications - Alliant Energy provided indemnifications associated with various sales of its non-regulated and utility businesses/assets for losses resulting from potential breach of the representations and warranties made by Alliant Energy on the sale dates and for the breach of its obligations under the sale agreements. Alliant Energy believes the likelihood of having to make any material cash payments under these indemnifications is remote. Alliant Energy recorded liabilities of \$1 million related to these indemnifications as of March 31, 2008. The terms of the indemnifications provided by Alliant Energy at March 31, 2008 for the various sales were generally as follows (in millions):

Businesses/Assets Sold	Disposal Date	Maximum Limit	Expiration Date
Three generating facilities in China	First quarter of 2006	\$37	February 2009
IPL's interest in the Duane Arnold Energy Center	First quarter of 2006	30 (a)	January 2009
Brazil	First quarter of 2006	10	January 2011
WPL's water utility in South Beloit, Illinois	Third quarter of 2006	1 (b)	July 2008
New Zealand	Fourth quarter of 2006	165 (c)	March 2012
Mexico	Second quarter of 2007	20	June 2012
IPL's electric transmission assets	Fourth quarter of 2007	196 (a)	March 2009

- (a) Indemnification provided by IPL
- (b) Indemnification provided by WPL
- (c) Based on exchange rates at March 31, 2008

WPL also issued an indemnity to the buyer of the Kewaunee Nuclear Power Plant (Kewaunee) to cover certain potential costs the buyer may incur related to the outage at Kewaunee in 2005. At March 31, 2008, WPL had a \$2 million obligation recognized related to this indemnity, which represents WPL's remaining maximum exposure.

Alliant Energy also continues to guarantee the abandonment obligations of Whiting Petroleum Corporation under the Point Arguello partnership agreements. The guarantee does not include a maximum limit. As of March 31, 2008, the present value of the abandonment obligations is estimated at \$10 million. Alliant Energy believes that no payments will be made under this guarantee.

(d) Environmental Matters -

Manufactured Gas Plant (MGP) Sites - IPL and WPL have current or previous ownership interests in 40 and 14 sites, respectively, previously associated with the production of gas for which they may be liable for investigation, remediation and monitoring costs relating to the sites. IPL and WPL have received letters from state environmental agencies requiring no further action at nine and seven sites, respectively. Additionally, IPL has met state environmental agency expectations at three additional sites requiring no further action for soil remediation. IPL and WPL are working pursuant to the requirements of various federal and state agencies to investigate, mitigate, prevent and remediate, where necessary, the environmental impacts to property, including natural resources, at and around the sites in order to protect public health and the environment. IPL and WPL record environmental liabilities related to these MGP sites based upon periodic studies, most recently updated in the third quarter of 2007. Management currently estimates the range of remaining costs to be incurred for the investigation, remediation and monitoring of Alliant Energy's sites to be \$27 million (\$21 million for IPL and \$6 million for WPL) to \$50 million (\$42 million for IPL and \$8 million for WPL). At March 31, 2008, Alliant Energy, IPL and WPL had recorded \$37 million, \$31 million and \$6 million, respectively, in current and non-current environmental liabilities for their remaining costs to be incurred for these MGP sites.

Other Environmental Contingencies - In addition to the environmental liabilities discussed above, Alliant Energy, IPL and WPL also monitor various environmental regulations which may have a significant impact on their future operations. Given uncertainties regarding the ultimate outcome, timing and compliance plans for these environmental regulations, Alliant Energy, IPL and WPL are currently not able to determine the financial impact of these regulations but do believe that future capital investments and/or modifications to their electric generating facilities to comply with these regulations could be significant. Specific environmental regulations that may require significant future expenditures by Alliant Energy, IPL and WPL include, among others: Clean Air Interstate Rule, Clean Air Mercury Rule, Section 316(b) of the Clean Water Act, Wisconsin State Thermal Rule, Wisconsin State Mercury Rule, Ozone National Ambient Air Quality Standards and proposed legislation to regulate the emission of greenhouse gases (GHG).

(e) Tax Matters - The Internal Revenue Service (IRS) is currently examining Alliant Energy's tax returns for calendar years 2002 through 2004. As a result of its examination, the IRS notified Alliant Energy in 2007 that it is proposing certain adjustments to these tax returns. The most significant adjustment is to defer until 2006 \$257 million of capital losses primarily included in Alliant Energy's 2002 tax return related to its former Brazil investments. Alliant Energy is in discussions with the IRS regarding this adjustment and anticipates the finalization of the audit of Alliant Energy's tax returns for calendar years 2002 through 2004 in the second quarter of 2008. Deferring these capital losses until 2006 could have a material adverse impact on Alliant Energy's financial condition, results of operations and cash flows if Alliant Energy is unable to generate sufficient capital gains in the future to offset a 2006 capital loss within the statutory carryforward period expiring in 2011. Alliant Energy is not able to predict the ultimate outcome of this matter.

(13) SEGMENTS OF BUSINESS

Certain financial information relating to Alliant Energy's business segments is as follows. Intersegment revenues were not material to Alliant Energy's operations.

	Utility Business			Total	Non-regulated Businesses	Other	Alliant Energy Consolidated
	Electric	Gas	Other				
	(in millions)						
<u>Three Months Ended March 31, 2008</u>							
Operating revenues	\$567.7	\$308.5	\$17.9	\$894.1	\$99.0	(\$1.1)	\$992.0
Operating income	66.8	42.3	3.2	112.3	12.2	0.6	125.1
Net income				55.6	8.4	4.1	68.1
<u>Three Months Ended March 31, 2007</u>							
Operating revenues	\$553.5	\$288.3	\$18.0	\$859.8	\$54.3	(\$1.4)	\$912.7
Operating income (loss)	78.5	39.0	(4.0)	113.5	6.8	0.5	120.8
Income from continuing operations				56.7	6.2	2.3	65.2
Loss from discontinued operations, net of tax				--	(1.3)	--	(1.3)
Net income				56.7	4.9	2.3	63.9

(14) DISCONTINUED OPERATIONS

Alliant Energy has completed the disposal of numerous non-regulated and utility businesses and other assets in order to strengthen its financial profile and narrow its strategic focus and risk profile. The following businesses/assets were sold during 2007 and qualified as assets held for sale as defined by SFAS 144, Accounting for the Impairment or Disposal of Long-Lived Assets, before they were sold:

Business/Asset	Disposal Date	Segment
Non-regulated business - Mexico	Second quarter of 2007	Non-regulated businesses
Utility businesses/assets:		
WPL's electric and gas utility assets in Illinois	First quarter of 2007	Utility - Electric and Gas
IPL's electric and gas utility assets in Illinois	First quarter of 2007	Utility - Electric and Gas
IPL's electric transmission assets	Fourth quarter of 2007	Utility - Electric

The operating results of the non-regulated business listed in the above table have been separately classified and reported as discontinued operations in Alliant Energy's Condensed Consolidated Statements of Income. The operating results of the utility businesses/assets listed in the above table have not been reported as discontinued operations due to Alliant Energy's continuing involvement in the operations of these businesses/assets after the disposal transaction.

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A summary of the components of discontinued operations in Alliant Energy's Condensed Consolidated Statements of Income for the three months ended March 31, 2007 was as follows (in millions):

Operating expenses	\$1.9
Interest expense and other	1.1
Loss before income taxes	(3.0)
Income tax benefit	(1.7)
Loss from discontinued operations, net of tax	(\$1.3)

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(15) ASSET RETIREMENT OBLIGATIONS

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

	Alliant Energy		IPL		WPL	
	2008	2007	2008	2007	2008	2007
Balance at Jan. 1	\$42.8	\$38.5	\$30.9	\$27.1	\$11.9	\$11.4
Accretion expense	0.6	0.6	0.4	0.4	0.2	0.2
Liabilities incurred	--	0.5	--	0.5	--	--
Revisions in estimated cash flows	--	0.1	--	--	--	0.1
Liabilities settled	(0.1)	--	(0.1)	--	--	--
Balance at March 31	\$43.3	\$39.7	\$31.2	\$28.0	\$12.1	\$11.7

(16) VARIABLE INTEREST ENTITIES

After making an ongoing exhaustive effort, Alliant Energy concluded it was unable to obtain the information necessary from the counterparties (subsidiaries of Calpine Corporation (Calpine)) for the Riverside Energy Center (Riverside) and RockGen Energy Center (RockGen) PPAs to determine whether the counterparties are variable interest entities per FIN 46R, Consolidation of Variable Interest Entities, and if Alliant Energy is the primary beneficiary. These PPAs are currently accounted for as operating leases. The counterparties sell some or all of their generating capacity to WPL and can sell their energy output to WPL. Alliant Energy's maximum exposure to loss from these PPAs is undeterminable due to the inability to obtain the necessary information to complete such evaluation. For the three months ended March 31, 2008 and 2007, Alliant Energy's (primarily WPL's) costs, excluding fuel costs, related to the Riverside PPA were \$8.6 million and \$8.8 million, respectively. WPL's costs, excluding fuel costs, related to the RockGen PPA were \$4.0 million and \$3.9 million for the three months ended March 31, 2008 and 2007, respectively.

(17) CONDENSED CONSOLIDATING FINANCIAL STATEMENTS

Alliant Energy has fully and unconditionally guaranteed the payment of principal and interest on the exchangeable senior notes issued by Resources (a wholly-owned subsidiary of Alliant Energy) and, as a result, is required to present condensed consolidating financial statements. No Alliant Energy subsidiaries are guarantors of Resources' debt securities. The Other Alliant Energy Subsidiaries column includes amounts for IPL, WPL and Corporate Services. Alliant Energy's condensed consolidating financial statements are as follows:

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	Alliant Energy Parent Company	Resources	Other Alliant Energy Subsidiaries	Consolidating Adjustments	Consolidated Alliant Energy
(in millions)					
Three Months Ended March 31, 2008					
Operating revenues:					
Utility:					
Electric	\$-	\$-	\$567.7	\$-	\$567.7
Gas	-	-	308.5	-	308.5
Other	-	-	17.9	-	17.9
Non-regulated	-	99.0	75.3	(76.4)	97.9
	-	99.0	969.4	(76.4)	992.0
Operating expenses:					
Utility:					
Electric production fuel and purchased power	-	-	301.5	-	301.5
Cost of gas sold	-	-	232.1	-	232.1
Other operation and maintenance	-	-	164.8	-	164.8
Non-regulated operation and maintenance	-	81.9	71.8	(72.9)	80.8
Depreciation and amortization	-	2.9	62.0	(3.3)	61.6
Taxes other than income taxes	-	2.0	24.3	(0.2)	26.1
	-	86.8	856.5	(76.4)	866.9
Operating income	-	12.2	112.9	-	125.1
Interest expense and other:					
Interest expense	-	3.6	30.2	(4.1)	29.7
Equity income from unconsolidated investments	-	-	(7.5)	-	(7.5)
Allowance for funds used during construction	-	-	(3.3)	0.1	(3.2)
Preferred dividend requirements of subsidiaries	-	-	4.7	-	4.7
Interest income and other	(68.8)	(5.1)	(1.0)	67.8	(7.1)
	(68.8)	(1.5)	23.1	63.8	16.6
Income from continuing operations before income taxes	68.8	13.7	89.8	(63.8)	108.5
Income taxes	0.9	5.3	34.2	-	40.4
Net income	\$67.9	\$8.4	\$55.6	(\$63.8)	\$68.1
Three Months Ended March 31, 2007					
Operating revenues:					
Utility:					
Electric	\$-	\$-	\$553.5	\$-	\$553.5
Gas	-	-	288.3	-	288.3
Other	-	-	18.0	-	18.0
Non-regulated	-	54.3	80.4	(81.8)	52.9
	-	54.3	940.2	(81.8)	912.7
Operating expenses:					
Utility:					
Electric production fuel and purchased power	-	-	280.3	-	280.3
Cost of gas sold	-	-	211.9	-	211.9
Other operation and maintenance	-	-	164.6	-	164.6
Non-regulated operation and maintenance	-	42.7	72.1	(73.5)	41.3
Depreciation and amortization	0.1	3.1	69.5	(6.7)	66.0
Taxes other than income taxes	-	1.7	27.3	(1.2)	27.8
	0.1	47.5	825.7	(81.4)	791.9

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Operating income (loss)	(0.1)	6.8	114.5	(0.4)	120.8
Interest expense and other:					
Interest expense	0.2	5.2	29.7	(5.5)	29.6
Equity income from unconsolidated investments	-	(0.8)	(6.7)	-	(7.5)
Allowance for funds used during construction	-	-	(1.6)	0.1	(1.5)
Preferred dividend requirements of subsidiaries	-	-	4.7	-	4.7
Interest income and other	(64.9)	(8.9)	(1.1)	66.4	(8.5)
	(64.7)	(4.5)	25.0	61.0	16.8
Income from continuing operations before income taxes	64.6	11.3	89.5	(61.4)	104.0
Income taxes	0.8	5.1	32.8	0.1	38.8
Income from continuing operations	63.8	6.2	56.7	(61.5)	65.2
Loss from discontinued operations, net of tax	-	(1.3)	-	-	(1.3)
Net income	\$63.8	\$4.9	\$56.7	(\$61.5)	\$63.9

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Alliant Energy Corporation Condensed Consolidating Balance Sheet as of March 31, 2008 (Unaudited)

	Alliant Energy Parent Company	Resources	Other Alliant Energy Subsidiaries	Consolidating Adjustments	Consolidated Alliant Energy
(in millions)					
ASSETS					
Property, plant and equipment:					
Utility:					
Electric plant in service	\$-	\$-	\$5,680.5	\$-	\$5,680.5
Gas plant in service	-	-	733.5	-	733.5
Other plant in service	-	-	476.1	-	476.1
Accumulated depreciation	-	-	(2,727.7)	-	(2,727.7)
Leased Sheboygan Falls Energy Facility, net	-	-	106.3	(106.3)	-
Construction work in progress:					
Cedar Ridge Wind Farm	-	-	99.1	-	99.1
Other	-	-	156.5	-	156.5
Other, net	-	-	21.3	-	21.3
Total utility	-	-	4,545.6	(106.3)	4,439.3
Non-regulated and other, net	-	174.5	40.0	128.9	343.4
	-	174.5	4,585.6	22.6	4,782.7
Current assets:					
Cash and cash equivalents	487.2	126.1	19.1	-	632.4
Accounts receivable, net	5.8	71.9	499.0	(104.5)	472.2
Gas stored underground, at weighted average cost	-	-	12.9	-	12.9
Other	5.1	30.2	290.9	(41.6)	284.6
	498.1	228.2	821.9	(146.1)	1,402.1
Investments:					
Consolidated subsidiaries	2,203.2	-	-	(2,203.2)	-
Other	16.3	10.7	213.1	-	240.1

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	2,219.5	10.7	213.1	(2,203.2)	240.1
Other assets	4.7	175.3	798.5	(214.3)	764.2
Total assets	\$2,722.3	\$588.7	\$6,419.1	(\$2,541.0)	\$7,189.1
CAPITALIZATION AND LIABILITIES					
Capitalization:					
Common stock and additional paid-in capital	\$1,494.4	\$262.8	\$1,642.9	(\$1,905.7)	\$1,494.4
Retained earnings	1,230.1	(125.8)	422.8	(295.1)	1,232.0
Accumulated other comprehensive income	0.8	0.8	-	(0.8)	0.8
Shares in deferred compensation trust	(7.5)	-	-	-	(7.5)
Total common equity	2,717.8	137.8	2,065.7	(2,201.6)	2,719.7
Cumulative preferred stock of subsidiaries, net	-	-	243.8	-	243.8
Long-term debt, net (excluding current portion)	-	106.1	1,297.5	-	1,403.6
	2,717.8	243.9	3,607.0	(2,201.6)	4,367.1
Current liabilities:					
Other short-term borrowings	-	-	3.1	-	3.1
Other	4.9	152.7	889.7	(147.1)	900.2
	4.9	152.7	892.8	(147.1)	903.3
Other long-term liabilities and deferred credits:					
Deferred income taxes	(2.1)	166.4	672.8	1.3	838.4
Other	1.7	21.8	1,246.5	(193.6)	1,076.4
	(0.4)	188.2	1,919.3	(192.3)	1,914.8
Minority interest	-	3.9	-	-	3.9
Total capitalization and liabilities	\$2,722.3	\$588.7	\$6,419.1	(\$2,541.0)	\$7,189.1

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Alliant Energy Corporation Condensed Consolidating Balance Sheet as of December 31, 2007 (Unaudited)

	Alliant Energy Parent Company	Resources	Other Alliant Energy Subsidiaries	Consolidating Adjustments	Consolidated Alliant Energy
(in millions)					
ASSETS					
Property, plant and equipment:					
Utility:					
Electric plant in service	\$-	\$-	\$5,633.7	\$-	\$5,633.7
Gas plant in service	-	-	726.3	-	726.3
Other plant in service	-	-	466.8	-	466.8
Accumulated depreciation	-	-	(2,692.5)	-	(2,692.5)
Leased Sheboygan Falls Energy Facility, net	-	-	107.9	(107.9)	-
Construction work in progress:					
Cedar Ridge Wind Farm	-	-	41.8	-	41.8
Other	-	-	153.6	-	153.6
Other, net	-	-	4.6	-	4.6
Total utility	-	-	4,442.2	(107.9)	4,334.3
Non-regulated and other, net	-	176.2	39.4	130.0	345.6

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	-	176.2	4,481.6	22.1	4,679.9
Current assets:					
Cash and cash equivalents	589.3	93.7	62.6	-	745.6
Accounts receivable, net	2.7	58.3	358.8	(72.9)	346.9
Gas stored underground, at weighted average cost	-	-	70.5	-	70.5
Other	0.2	13.0	346.1	(50.0)	309.3
	592.2	165.0	838.0	(122.9)	1,472.3
Investments:					
Consolidated subsidiaries	2,093.2	-	-	(2,093.2)	-
Other	16.2	9.0	212.7	-	237.9
	2,109.4	9.0	212.7	(2,093.2)	237.9
Other assets					
	4.6	175.0	859.9	(239.9)	799.6
Total assets					
	\$2,706.2	\$525.2	\$6,392.2	(\$2,433.9)	\$7,189.7
CAPITALIZATION AND LIABILITIES					
Capitalization:					
Common stock and additional paid-in capital	\$1,484.5	\$262.8	\$1,542.8	(\$1,805.6)	\$1,484.5
Retained earnings	1,203.5	(134.0)	421.7	(286.0)	1,205.2
Accumulated other comprehensive income	0.2	0.2	-	(0.2)	0.2
Shares in deferred compensation trust	(8.7)	-	-	-	(8.7)
	2,679.5	129.0	1,964.5	(2,091.8)	2,681.2
Cumulative preferred stock of subsidiaries, net					
	-	-	243.8	-	243.8
Long-term debt, net (excluding current portion)					
	-	106.0	1,298.5	-	1,404.5
	2,679.5	235.0	3,506.8	(2,091.8)	4,329.5
Current liabilities:					
Other short-term borrowings	-	-	29.5	-	29.5
Other	11.8	106.0	913.5	(123.8)	907.5
	11.8	106.0	943.0	(123.8)	937.0
Other long-term liabilities and deferred credits:					
Deferred income taxes	(2.1)	148.7	675.1	1.2	822.9
Other	17.0	31.6	1,267.3	(219.5)	1,096.4
	14.9	180.3	1,942.4	(218.3)	1,919.3
Minority interest					
	-	3.9	-	-	3.9
Total capitalization and liabilities					
	\$2,706.2	\$525.2	\$6,392.2	(\$2,433.9)	\$7,189.7

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Alliant Energy Corporation Condensed Consolidating Statements of Cash Flows (Unaudited)

	Alliant Energy Parent Company	Resources	Other Alliant Energy Subsidiaries	Consolidating Adjustments	Consolidated Alliant Energy
(in millions)					
Three Months Ended March 31, 2008					

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Net cash flows from operating activities	\$51.9	\$30.1	\$73.9	(\$69.0)	\$86.9
Cash flows used for investing activities:					
Construction and acquisition expenditures:					
Utility business	-	-	(126.5)	-	(126.5)
Alliant Energy Corporate Services, Inc. and non-regulated businesses	-	(2.4)	(3.9)	-	(6.3)
Proceeds from asset sales	-	0.4	-	-	0.4
Changes in restricted cash	-	(1.1)	(0.1)	-	(1.2)
Other	(112.0)	0.1	17.4	111.8	17.3
Net cash flows used for investing activities	(112.0)	(3.0)	(113.1)	111.8	(116.3)
Cash flows from (used for) financing activities:					
Common stock dividends	(38.6)	-	(52.0)	52.0	(38.6)
Repurchase of common stock	(1.4)	-	-	-	(1.4)
Proceeds from issuance of common stock	0.7	-	-	-	0.7
Reductions in long-term debt	-	-	(1.0)	-	(1.0)
Net change in short-term borrowings	(4.8)	-	(23.5)	-	(28.3)
Changes in cash overdrafts	-	5.3	(22.2)	-	(16.9)
Other	2.1	-	94.4	(94.8)	1.7
Net cash flows from (used for) financing activities	(42.0)	5.3	(4.3)	(42.8)	(83.8)
Net increase (decrease) in cash and cash equivalents	(102.1)	32.4	(43.5)	-	(113.2)
Cash and cash equivalents at beginning of period	589.3	93.7	62.6	-	745.6
Cash and cash equivalents at end of period	\$487.2	\$126.1	\$19.1	\$-	\$632.4
Three Months Ended March 31, 2007					
Net cash flows from (used for) operating activities	\$58.0	(\$8.0)	\$184.2	(\$66.6)	\$167.6
Cash flows from (used for) investing activities:					
Construction and acquisition expenditures:					
Utility business	-	-	(97.4)	-	(97.4)
Alliant Energy Corporate Services, Inc. and non-regulated businesses	-	(2.4)	(2.8)	-	(5.2)
Proceeds from asset sales	-	6.3	51.6	-	57.9
Purchases of emission allowances	-	-	(23.9)	-	(23.9)
Changes in restricted cash	-	12.0	(0.1)	-	11.9
Other	(9.4)	-	7.3	13.7	11.6
Net cash flows from (used for) investing activities	(9.4)	15.9	(65.3)	13.7	(45.1)
Cash flows used for financing activities:					
Common stock dividends	(36.8)	-	(50.6)	50.6	(36.8)
Repurchase of common stock	(145.1)	-	-	-	(145.1)
Proceeds from issuance of common stock	25.4	-	-	-	25.4
Reductions in long-term debt	-	(37.2)	(24.8)	-	(62.0)
Net change in short-term borrowings	36.4	(36.4)	(76.6)	-	(76.6)
Changes in cash overdrafts	-	(2.8)	15.1	-	12.3
Other	-	2.8	(0.5)	2.3	4.6
Net cash flows used for financing activities	(120.1)	(73.6)	(137.4)	52.9	(278.2)
Net decrease in cash and cash equivalents	(71.5)	(65.7)	(18.5)	-	(155.7)
Total cash and cash equivalents at beginning of period	167.1	67.3	31.6	-	266.0
Total cash and cash equivalents at end of period	95.6	1.6	13.1	-	110.3
Less: cash and cash equivalents classified as held for sale at end of period	-	0.1	-	-	0.1
Cash and cash equivalents at end of period	\$95.6	\$1.5	\$13.1	\$-	\$110.2

Alliant Energy Corporation Condensed Consolidating Statements of Cash Flows (Continued) (Unaudited)

	Alliant Energy Parent Company	Resources	Other Alliant Energy Subsidiaries	Consolidating Adjustments	Consolidated Alliant Energy
	(in millions)				
Supplemental Cash Flows Information:					
Three Months Ended March 31, 2008					
Cash paid (refunded) during the period for:					
Interest, net of capitalized interest	\$1.6	\$3.6	\$38.8	\$-	\$44.0
Income taxes, net of refunds	3.8	(2.2)	9.3	-	10.9
Three Months Ended March 31, 2007					
Cash paid (refunded) during the period for:					
Interest, net of capitalized interest	0.5	3.1	33.0	-	36.6
Income taxes, net of refunds	15.0	(14.0)	1.3	-	2.3

**INTERSTATE POWER AND LIGHT COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)**

	For the Three Months Ended March 31,	
	2008	2007
	(in millions)	
Operating revenues:		
Electric utility	\$277.1	\$278.3
Gas utility	180.1	166.5
Steam and other	16.1	16.4
	473.3	461.2
Operating expenses:		
Electric production fuel and purchased power	121.0	122.7
Cost of gas sold	139.9	127.7
Other operation and maintenance	108.3	102.1
Depreciation and amortization	32.3	35.8
Taxes other than income taxes	13.9	16.1
	415.4	404.4
Operating income	57.9	56.8
Interest expense and other:		
Interest expense	14.5	16.3
Allowance for funds used during construction	(1.3)	(1.1)
Interest income	(0.5)	(0.5)
	12.7	14.7

Income before income taxes	45.2	42.1
Income taxes	16.0	15.3
Net income	29.2	26.8
Preferred dividend requirements	3.9	3.9
Earnings available for common stock	\$25.3	\$22.9

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

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**INTERSTATE POWER AND LIGHT COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)**

ASSETS	March 31, 2008	December 31, 2007
	(in millions)	
Property, plant and equipment:		
Electric plant in service	\$3,453.5	\$3,419.3
Gas plant in service	381.4	378.7
Steam plant in service	55.4	54.0
Other plant in service	232.6	228.0
Accumulated depreciation	(1,603.1)	(1,584.3)
Net plant	2,519.8	2,495.7
Construction work in progress	88.2	92.8
Other, less accumulated depreciation	18.7	2.0
	2,626.7	2,590.5
Current assets:		
Cash and cash equivalents	5.0	39.4
Accounts receivable:		
Customer, less allowance for doubtful accounts	162.2	79.8
Other, less allowance for doubtful accounts	36.3	25.2
Income tax refunds receivable	19.5	44.6
Production fuel, at weighted average cost	53.6	55.2
Materials and supplies, at weighted average cost	21.5	21.5
Gas stored underground, at weighted average cost	2.5	32.6
Regulatory assets	30.6	31.2
Derivative assets	33.5	19.0
Other	4.9	6.6
	369.6	355.1

Investments	16.4	17.6
Other assets:		
Regulatory assets	271.1	294.8
Deferred charges and other	108.8	104.0
	379.9	398.8
Total assets	\$3,392.6	\$3,362.0

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

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INTERSTATE POWER AND LIGHT COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED) (Continued)

CAPITALIZATION AND LIABILITIES	March 31, 2008	December 31, 2007
	(in millions, except per share and share amounts)	
Capitalization:		
Common stock - \$2.50 par value - authorized 24,000,000 shares; 13,370,788 shares outstanding	\$33.4	\$33.4
Additional paid-in capital	973.1	873.1
Retained earnings	15.9	21.0
Total common equity	1,022.4	927.5
Cumulative preferred stock	183.8	183.8
Long-term debt, net (excluding current portion)	760.5	761.5
	1,966.7	1,872.8
Current liabilities:		
Current maturities	2.3	2.3
Commercial paper	8.3	-
Other short term borrowings	3.1	29.5
Accounts payable	110.9	141.6
Accounts payable to associated companies	47.6	28.8
Regulatory liabilities	49.9	37.3
Accrued taxes	38.9	50.8
Other	66.5	80.9
	327.5	371.2
Other long-term liabilities and deferred credits:		
Deferred income taxes	420.9	422.6
Regulatory liabilities	486.7	482.5

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Pension and other benefit obligations	51.8	50.7
Other	139.0	162.2
	1,098.4	1,118.0
Total capitalization and liabilities	\$3,392.6	\$3,362.0

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

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**INTERSTATE POWER AND LIGHT COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**

	For the Three Months Ended March 31,	
	2008	2007
	(in millions)	
Cash flows from (used for) operating activities:		
Net income	\$29.2	\$26.8
Adjustments to reconcile net income to net cash flows from (used for) operating activities:		
Depreciation and amortization	32.3	35.8
Deferred tax expense (benefit) and investment tax credits	(5.2)	0.9
Other	2.7	0.5
Other changes in assets and liabilities:		
Accounts receivable	(15.5)	28.9
Sale of accounts receivable	(75.0)	(50.0)
Income tax refunds receivable	25.1	-
Gas stored underground	30.1	31.5
Regulatory assets	1.0	50.0
Derivative assets	(17.5)	(5.7)
Accounts payable	(8.5)	(16.6)
Accrued taxes	(11.2)	2.1
Regulatory liabilities	14.5	(3.3)
Derivative liabilities	(15.7)	(29.8)
Other	1.8	8.5
Net cash flows from (used for) operating activities	(11.9)	79.6
Cash flows used for investing activities:		
Utility construction and acquisition expenditures	(61.2)	(72.1)
Proceeds from sale of utility assets in Illinois	-	28.1
Purchases of emission allowances	-	(23.9)
Other	(1.8)	6.8
Net cash flows used for investing activities	(63.0)	(61.1)
Cash flows from (used for) financing activities:		
Common stock dividends	(29.1)	(27.5)

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Preferred stock dividends	(3.9)	(3.9)
Capital contribution from parent	100.0	-
Reductions in long-term debt	(1.0)	(24.8)
Net change in short-term borrowings	(18.1)	17.9
Changes in cash overdrafts	(7.1)	21.3
Other	(0.3)	0.2
Net cash flows from (used for) financing activities	40.5	(16.8)
Net increase (decrease) in cash and cash equivalents	(34.4)	1.7
Cash and cash equivalents at beginning of period	39.4	0.5
Cash and cash equivalents at end of period	\$5.0	\$2.2
Supplemental cash flows information:		
Cash paid (refunded) during the period for:		
Interest	\$17.8	\$21.1
Income taxes, net of refunds	(\$3.0)	\$2.0

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

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INTERSTATE POWER AND LIGHT COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Except as modified below, the Alliant Energy Notes to Condensed Consolidated Financial Statements are incorporated by reference insofar as they relate to IPL. The notes that follow herein set forth additional specific information for IPL and are numbered to be consistent with the Alliant Energy Notes to Condensed Consolidated Financial Statements.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) General - The interim condensed consolidated financial statements included herein have been prepared by IPL, without audit, pursuant to the rules and regulations of the SEC. Accordingly, certain information and note disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted, although management believes that the disclosures are adequate to make the information presented not misleading. The condensed consolidated financial statements include IPL and its consolidated subsidiaries. IPL is a direct subsidiary of Alliant Energy. These financial statements should be read in conjunction with the financial statements and the notes thereto included in IPL's latest combined Annual Report on Form 10-K.

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In the opinion of management, all adjustments, which unless otherwise noted are normal and recurring in nature, necessary for a fair presentation of the condensed consolidated results of operations for the three months ended March 31, 2008 and 2007, the condensed consolidated financial position at March 31, 2008 and Dec. 31, 2007, and the condensed consolidated statements of cash flows for the three months ended March 31, 2008 and 2007 have been made. Results for the three months ended March 31, 2008 are not necessarily indicative of results that may be expected for the year ending Dec. 31, 2008. A change in management's estimates or assumptions could have a material impact on IPL's financial condition and results of operations during the period in which such change occurred. Certain prior period amounts have been reclassified on a basis consistent with the current period financial statement presentation.

(3) COMPREHENSIVE INCOME

For the three months ended March 31, 2008 and 2007, IPL had no other comprehensive income, thus IPL's comprehensive income was equal to its earnings available for common stock for all periods.

(6) BENEFIT PLANS

(a) Pension and Other Postretirement Benefits Plans - The components of IPL's qualified pension benefits and other postretirement benefits costs for the three months ended March 31 were as follows (in millions):

	Qualified Pension Benefits		Other Postretirement Benefits	
	2008	2007	2008	2007
Service cost	\$1.5	\$1.5	\$0.7	\$0.7
Interest cost	3.9	3.6	1.8	1.8
Expected return on plan assets	(5.4)	(4.8)	(1.5)	(1.4)
Amortization of:				
Prior service cost (credit)	0.3	0.3	(0.4)	(0.4)
Actuarial loss	0.1	0.3	0.5	0.7
	\$0.4	\$0.9	\$1.1	\$1.4

In the above table, the pension benefits costs represent only those respective costs for bargaining unit employees of IPL covered under the bargaining unit pension plans that are sponsored by IPL. The other postretirement benefits costs represent costs for all IPL employees. Corporate Services provides services to IPL. The following table includes qualified pension benefits costs (credits) for IPL's non-bargaining employees who are participants in other Alliant Energy plans, and the allocated pension and other postretirement benefits costs associated with Corporate Services for IPL for the three months ended March 31 as follows (in millions):

	Pension Benefits		Other Postretirement Benefits	
	2008	2007	2008	2007
Non-bargaining IPL employees participating in other plans	(\$0.9)	(\$0.3)	N/A	N/A
Allocated Corporate Services costs	0.3	0.8	\$0.4	\$0.3

IPL estimates that funding for the qualified pension plans for its bargaining unit employees and other postretirement benefits plans for 2008 will be \$0 and \$5 million, respectively, of which \$1 million has been contributed to the other postretirement benefits plans through March 31, 2008.

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(10) FAIR VALUE MEASUREMENTS

On Jan. 1, 2008, IPL adopted the provisions of SFAS 157, with the exception of nonrecurring fair value measurements of nonfinancial assets and nonfinancial liabilities. These nonrecurring nonfinancial assets and nonfinancial liabilities included asset retirement obligations. Refer to Notes

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1(f) and 10 of Alliant Energy's Notes to Condensed Consolidated Financial Statements for additional information on SFAS 157.

IPL's recurring fair value measurements subject to the disclosure requirements of SFAS 157 at March 31, 2008 were as follows (in millions):

	Fair Value Measurements at March 31, 2008	Fair Value Measurements at March 31, 2008 Using:		
		Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				