INTERSTATE POWER & LIGHT CO
Form 10-K
February 26, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2009

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File Number	Name of Registrant, State of Incorporation, Address of Principal Executive Offices and Telephone Number	IRS Employer Identification Number
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-K is separately filed by Alliant Energy Corporation, Interstate Power and Light Company and Wisconsin Power and Light Company. Information contained in the Form 10-K 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.

Securities registered pursuant to Section 12 (b) of the Act:

	Title of Class	Name of Each Exchange on Which Registered
Alliant Energy Corporation	Common Stock, $0.01 Par Value	New York Stock Exchange
Alliant Energy Corporation	Common Share Purchase Rights	New York Stock Exchange
Interstate Power and Light Company	8.375% Series B Cumulative Preferred Stock,	New York Stock Exchange

	$0.01 Par Value	
Interstate Power and Light Company	7.10% Series C Cumulative Preferred Stock, $0.01 Par Value	New York Stock Exchange
Wisconsin Power and Light Company	4.50% Preferred Stock, No Par Value	NYSE Amex LLC

Securities registered pursuant to Section 12 (g) of the Act: Wisconsin Power and Light Company Preferred Stock (Accumulation without Par Value)

Indicate by check mark if the registrants are well-known seasoned issuers, as defined in Rule 405 of the Securities Act.

Alliant Energy Corporation	Yes [X]	No [ ]
Interstate Power and Light Company	Yes [ ]	No [X]
Wisconsin Power and Light Company	Yes [ ]	No [X]

Indicate by check mark if the registrants are not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes [ ] No [X]

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 [X] No [ ]

Indicate by check mark whether the registrants have submitted electronically and posted on their corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrants were required to submit and post such files). Yes [ ] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrants' knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

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

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

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

Yes [ ] No [X]

The aggregate market value of the voting and non-voting common equity held by nonaffiliates as of June 30, 2009:

Alliant Energy Corporation	$2.9 billion
Interstate Power and Light Company	$ --
Wisconsin Power and Light Company	$ --

Number of shares outstanding of each class of common stock as of Jan. 29, 2010:

Alliant Energy Corporation	Common stock, $0.01 par value, 110,668,977 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)

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statements relating to Alliant Energy Corporation's and Wisconsin Power and Light Company's 2010 Annual Meetings of Shareowners are, or will be upon filing with the Securities and Exchange Commission, incorporated by reference into Part III hereof.

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FORWARD-LOOKING STATEMENTS

Statements contained in this Annual Report on Form 10-K that are not of historical fact are forward-looking statements intended to qualify for the safe harbors from liability established by the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those expressed in, or implied by, such statements. Some, but not all, of the risks and uncertainties of Alliant Energy Corporation (Alliant Energy), Interstate Power and Light Company (IPL) and Wisconsin Power and Light Company (WPL) include:

- federal and state regulatory or governmental actions, including the impact of energy-related and tax legislation and of regulatory agency orders;
- IPL's and WPL's ability to obtain adequate and timely rate relief to allow for, among other things, the recovery of operating costs, deferred expenditures and capital expenditures, including any construction costs incurred over the predetermined level included in the advanced rate making principles for IPL's Whispering Willow - East wind project, costs related to generating units that may be permanently closed, the earning of reasonable rates of return, and the payment of expected levels of dividends;
- the state of the economy in IPL's and WPL's service territories and resulting implications on sales, margins and ability to collect unpaid bills, in particular as a result of current economic conditions;
- weather effects on results of operations;
- developments that adversely impact their ability to implement their strategic plans including unanticipated issues in connection with construction and operation of IPL's and WPL's new wind generating facilities, WPL's potential purchase of the Riverside Energy Center (Riverside), and unfavorable regulatory outcomes;
- issues related to the availability of generating facilities and the supply and delivery of fuel and purchased electricity and price thereof, including the ability to recover and to retain the recovery of purchased power, fuel and fuel-related costs through rates in a timely manner;
- the impact that fuel and fuel-related prices and other economic conditions may have on IPL's and WPL's customers' demand for utility services;
- impacts that storms or natural disasters in IPL's and WPL's service territories may have on their operations and rate relief for costs associated with restoration activities;
- issues associated with environmental remediation efforts and with environmental compliance generally, including changing environmental laws and regulations, the ability to defend against environmental claims brought by state and federal agencies, such as the United States of America (U.S.) Environmental Protection Agency (EPA), or third parties such as the Sierra Club, and the ability to recover through rates all environmental compliance costs, including costs for projects put on hold due to uncertainty of future environmental laws and regulations;
- their ability to continue cost controls and operational efficiencies;
- potential impacts of any future laws or regulations regarding global climate change or carbon emissions reductions, including those that contain a proposed greenhouse gas (GHG) cap-and-trade program;
- continued access to the capital markets on competitive terms and rates;
- financial impacts of risk hedging strategies, including the impact of weather hedges or the absence of weather hedges on earnings;
- sales and project execution for RMT, Inc. (RMT), the level of growth in the wind and solar development market and the impact of the American Recovery and Reinvestment Act of 2009, and pending legislation;
- issues related to electric transmission, including operating in Regional Transmission Organization (RTO) energy and ancillary services markets, the impacts of potential future billing adjustments from RTOs and recovery of costs incurred;
- unplanned outages, transmission constraints or operational issues impacting fossil or renewable generating facilities and risks related to recovery of resulting incremental costs through rates;
- Alliant Energy's ability to successfully defend against, and any liabilities arising out of, the purported shareowner derivative complaint stemming from the Exchangeable Senior Notes due 2030;
- Alliant Energy's ability to successfully defend against, and any liabilities arising out of, the alleged violation of the Employee Retirement Income Security Act of 1974 by Alliant Energy's Cash Balance Pension Plan;

- current or future litigation, regulatory investigations, proceedings or inquiries;
- Alliant Energy's ability to sustain its dividend payout ratio goal;
- the direct or indirect effects resulting from terrorist incidents or responses to such incidents;
- employee workforce factors, including changes in key executives, collective bargaining agreements and negotiations, work stoppages or additional restructurings;
- access to technological developments;
- any material post-closing adjustments related to any of their past asset divestitures;

- the impact of necessary accruals for the terms of incentive compensation plans;
- the effect of accounting pronouncements issued periodically by standard-setting bodies;
- increased retirement and benefit plan costs;
- the ability to utilize tax capital losses and net operating losses generated to date, and those that may be generated in the future, before they expire;
- their ability to successfully complete ongoing tax audits and appeals with no material impact on earnings and cash flows;
- inflation and interest rates; and
- factors listed in Item 1A Risk Factors and "Other Matters - Other Future Considerations" in Management's Discussion and Analysis of Financial Condition and Results of Operations (MDA).

Alliant Energy, IPL and WPL assume no obligation, and disclaim any duty, to update the forward-looking statements in this Annual Report on Form 10-K.

WEBSITE ACCESS TO REPORTS

Alliant Energy makes its periodic and current reports, and amendments to those reports, available, free of charge, on its website at www.alliantenergy.com/investors on the same day as such material is electronically filed with, or furnished to, the Securities and Exchange Commission (SEC). Alliant Energy is not including the information contained on its website as a part of, or incorporating it by reference into, this Annual Report on Form 10-K.

PART I

This Annual Report on Form 10-K includes information relating to Alliant Energy, IPL and WPL (as well as Alliant Energy Resources, LLC (Resources) and Alliant Energy Corporate Services, Inc. (Corporate Services)). Where appropriate, information relating to a specific entity has been segregated and labeled as such. Unless otherwise noted, the information herein has been revised to exclude discontinued operations for all periods presented. Refer to Note 17 of Alliant Energy's "Notes to Consolidated Financial Statements" for information on businesses reported as discontinued operations.

ITEM 1. BUSINESS

A. GENERAL

Alliant Energy was incorporated in Wisconsin in 1981 and maintains its principal executive offices in Madison, Wisconsin. Alliant Energy operates as a regulated investor-owned public utility holding company. Alliant Energy's

primary focus is to provide regulated electricity and natural gas service to approximately 1 million electric and approximately 412,000 natural gas customers in the Midwest through its two public utility subsidiaries. The primary first tier subsidiaries of Alliant Energy are: IPL, WPL, Resources and Corporate Services. An illustration of Alliant Energy's first tier subsidiaries is shown below.

A brief description of the primary first tier subsidiaries of Alliant Energy is as follows:

1) IPL - was incorporated in 1925 in Iowa as Iowa Railway and Light Corporation. IPL is a public utility engaged principally in the generation and distribution of electric energy and the distribution and transportation of natural gas in selective markets in Iowa and southern Minnesota. In Iowa, IPL provides utility services to incorporated communities as directed by the Iowa Utilities Board (IUB) and utilizes non-exclusive franchises, which cover the use of public right-of-ways for utility facilities in incorporated communities for a maximum term of 25 years. At Dec. 31, 2009, IPL supplied electric and gas service to 525,334 and 233,841 retail customers, respectively. IPL also provides steam services to certain customers in Cedar Rapids, Iowa and various other energy-related products and services. In 2009, 2008 and 2007, IPL had no single customer for which electric, gas, steam and/or other sales accounted for 10% or more of IPL's consolidated revenues.

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2) WPL - was incorporated in 1917 in Wisconsin as Eastern Wisconsin Electric Company. WPL is a public utility engaged principally in the generation and distribution of electric energy and the distribution and transportation of natural gas in selective markets in southern and central Wisconsin. WPL operates in municipalities pursuant to permits of indefinite duration and state statutes authorizing utility operation in areas annexed by a municipality. At Dec. 31, 2009, WPL supplied electric and gas service to 453,573 and 177,968 retail customers, respectively. WPL also provides various other energy-related products and services. In 2009, 2008 and 2007, WPL had no single customer for which electric, gas and/or other sales accounted for 10% or more of WPL's consolidated revenues. WPL Transco LLC is a wholly-owned subsidiary of WPL and holds WPL's investment in the American Transmission Company LLC (ATC).

3) RESOURCES - was incorporated in 1988 in Wisconsin. In 2008, Resources was converted to a limited liability company. Alliant Energy's non-regulated investments are organized under Resources. Refer to "D. Information Relating to Non-regulated Operations" for additional details.

4) CORPORATE SERVICES - was incorporated in 1997 in Iowa. Corporate Services provides administrative services to Alliant Energy and its subsidiaries.

Refer to Note 14 of the "Notes to Consolidated Financial Statements" for further discussion of business segments, which information is incorporated herein by reference.

B. INFORMATION RELATING TO ALLIANT ENERGY ON A CONSOLIDATED BASIS

1) EMPLOYEES - At Dec. 31, 2009, Alliant Energy's consolidated subsidiaries had the following full- and part-time employees:

	Number of	Number of	Total

	Bargaining Unit Employees	Other Employees	Number of Employees	Percentage of Employees Covered by Collective Bargaining Agreements
Corporate Services	--	1,442	1,442	--
IPL	1,167	268	1,435	81%
WPL	1,203	95	1,298	93%
Resources:				
RMT	--	661	661	--
Other	84	37	121	69%
	2,454	2,503	4,957	50%

At Dec. 31, 2009, Alliant Energy employees covered by collective bargaining agreements were as follows (International Union of Operating Engineers (IUOE); International Brotherhood of Electrical Workers (IBEW)):

	Number of Employees	Contract Expiration Date
IPL:		
IBEW Local 204 (Cedar Rapids)	748	8/31/10
IUOE Local 275	12	12/1/10
IBEW Local 204 (Emery)	13	2/12/11
IBEW Local 1439	18	6/30/11
IBEW Local 1455	5	6/30/11
IBEW Local 949	229	9/30/12
IBEW Local 204 (Dubuque)	100	9/30/12
IBEW Local 204 (Mason City)	42	9/30/12
	1,167	
WPL - IBEW Local 965	1,203	5/31/11
Resources - Various	84	Various
	2,454	

2) CAPITAL EXPENDITURE AND INVESTMENT PLANS - Refer to “Liquidity and Capital Resources - Cash Flows - Investing Activities - Construction and Acquisition Expenditures” in MDA for discussion of anticipated construction and acquisition expenditures for 2010, 2011 and 2012.

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3) REGULATION - Alliant Energy, IPL and WPL are subject to regulation by various federal, state and local agencies. The following includes the primary regulations impacting Alliant Energy’s, IPL’s and WPL’s businesses.

Federal Energy Regulatory Commission (FERC) -
Public Utility Holding Company Act of 2005 (PUHCA 2005) - Alliant Energy is registered with FERC as a public utility holding company, pursuant to PUHCA 2005, and is required to maintain certain records and to report certain

transactions involving its public utilities and other entities regulated by FERC. IPL and WPL are subject to regulation by FERC under PUHCA 2005 for various issues including, but not limited to, affiliate transactions, public utility mergers, acquisitions and dispositions, issuance of securities (IPL only) and books and records requirements.

Energy Policy Act - The Energy Policy Act requires creation of an Electric Reliability Organization (ERO) to provide oversight by FERC. FERC designated the North American Electric Reliability Corporation (NERC) as the overarching ERO. The Midwest Reliability Organization, which is a regional member of NERC, has direct responsibility for mandatory electric reliability standards for IPL and WPL.

Federal Power Act - FERC also has jurisdiction, under the Federal Power Act, over certain electric utility facilities and operations, electric wholesale and transmission rates, dividend payments and accounting practices of IPL and WPL.

Electric Wholesale Rates - Corporate Services, as agent for both IPL and WPL, has received wholesale electric market-based rate authority from FERC. Market-based rate authorization allows for wholesale sales of electricity within the Midwest Independent Transmission System Operator (MISO) energy and ancillary services markets and in bilateral markets, based on the market value of the transactions.

Electric Transmission Rates - FERC regulates the rates charged for electric transmission facilities used in interstate commerce. Neither IPL nor WPL own or operate electric transmission facilities; however, both IPL and WPL pay for the use of the interstate electric transmission system based upon FERC-regulated rates. IPL relies primarily upon the use of the ITC Midwest LLC (ITC) transmission system. Refer to “Other Matters - Other Future Considerations - IPL’s Electric Transmission Service Charges” in MDA for additional information regarding transmission service charges from ITC, including a FERC 206 complaint filed by IPL against ITC in 2008. WPL relies primarily upon the use of the ATC transmission system.

National Gas Act - FERC regulates the transportation and sale for resale of natural gas in interstate commerce under the Natural Gas Act. Under the Natural Gas Act, FERC has authority over certain natural gas facilities and operations of IPL and WPL.

Environmental - The EPA administers certain federal regulatory programs and has delegated the administration of other environmental regulatory programs to the applicable state environmental agencies. In general, the state agencies have jurisdiction over air and water quality, hazardous substances management and transportation, and solid waste management requirements. In certain cases, the state environmental agencies have delegated the administration of environmental programs to local agencies. Alliant Energy, IPL and WPL are subject to these environmental regulations as a result of their current and past operations.

IUB - IPL is subject to regulation by the IUB related to its operations in Iowa for various issues including, but not limited to, retail utility rates and standards of service, accounting requirements and approval of the location and construction of electric generating facilities.

Retail Utility Base Rates - IPL files periodic requests with the IUB for retail rate relief. These filings are based on historical test periods. The historical test periods may be adjusted for certain known and measurable capital additions placed in service by IPL within nine months from the end of the historical test period and certain known and measurable operating and maintenance expenses incurred by IPL within 12 months of the commencement of the proceeding. The IUB must decide on requests for retail rate relief within 10 months of the date of the application for which relief is filed, or the interim rates granted become permanent. Interim retail rates can be placed in effect 10 days after the rate application filing, subject to refund, and must be based on past precedent.

Retail Commodity Cost Recovery Mechanisms - IPL's retail electric and natural gas tariffs contain an automatic adjustment clause for changes in prudently incurred commodity costs required to serve its retail customers. Any over/under collection of commodity costs for each given month are automatically reflected in future billings to retail customers.

New Electric Generating Facilities - A Certificate of Public Convenience, Use and Necessity (GCU Certificate) application is required to be filed with the IUB for construction approval of any new electric generating facility located in Iowa with 25 megawatts (MW) or more of capacity.

Advance Rate Making Principles - Iowa Code §476.53 (formerly referred to as HF 577) provides Iowa utilities with rate making principles prior to making certain generation investments in Iowa. Under Iowa Code §476.53, IPL must file for, and the IUB must provide, rate making principles for electric generating facilities located in Iowa that have received construction approval including new base-load (primarily defined as nuclear or coal-fired generation) facilities with a capacity of 300 MW or more, combined-cycle natural gas-fired facilities of any size and renewable generating resources, such as wind facilities, of any size. Upon approval of rate making principles by the IUB, IPL must either build the facility under the approved rate making principles, or not at all.

Public Service Commission of Wisconsin (PSCW) - Alliant Energy is subject to regulation by the PSCW for the type and amount of Alliant Energy's investments in non-utility businesses and other affiliated interest activities, among other issues. WPL is also subject to regulation by the PSCW related to its operations in Wisconsin for various issues including, but not limited to, retail utility rates and standards of service, accounting requirements, issuance and use of proceeds of securities, approval of the location and construction of electric generating facilities and certain other additions and extensions to facilities.

Retail Utility Base Rates - WPL files periodic requests with the PSCW for retail rate relief. These filings are required to be based on forward-looking test periods. There is no statutory time limit for the PSCW to decide retail rate requests. However, the PSCW attempts to process base retail rate cases in approximately 10 months and has the ability to approve interim retail rate relief, subject to refund, if necessary.

Retail Commodity Cost Recovery Mechanisms -
Electric - WPL's retail electric rates are based on estimates of annual fuel-related costs (includes fuel and purchased power energy costs) anticipated during the test period. During each electric retail rate proceeding, the PSCW sets fuel monitoring ranges based on the forecasted fuel-related costs used to determine rates in such proceeding. If WPL's actual fuel-related costs fall outside these fuel monitoring ranges, the PSCW can authorize an adjustment to future retail electric rates.

The fuel monitoring ranges set by the PSCW consist of unit cost variances between monitoring levels and actual unit costs and include three different ranges based on monthly costs, cumulative costs and revised forecasted annual costs during the test-year period. In order for WPL, or others, to initiate a proceeding to change rates related to fuel-related costs during the test period, WPL, or others, must demonstrate: a) that either 1) any actual monthly costs during the test period exceeded the monthly ranges or 2) the actual cumulative costs to date during the test period exceeded the cumulative ranges; and b) that the annual projected costs (that include cumulative actual costs) for the test period also exceed the annual ranges. In December 2009, the PSCW approved an order continuing WPL's fuel monitoring ranges of plus or minus 8% for the monthly range; for the cumulative range, plus or minus 8% for the first month, plus or minus 5% for the second month, and plus or minus 2% for the remaining months of the monitoring period; and plus or minus 2% for the annual range. For fuel-only retail rate changes, the PSCW attempts to provide interim changes effective within 21 days of notice to customers. There is no statutory time limit for final fuel-only retail rate change decisions.

Natural Gas - WPL's retail natural gas tariffs contain an automatic adjustment clause for changes in prudently incurred natural gas costs required to serve its retail gas customers. Any over/under collection of natural gas costs for each given month are automatically reflected in future billings to retail customers.

New Electric Generating Facilities - A Certificate of Authority (CA) application is required to be filed with the PSCW for construction approval of any new electric generating facility with a capacity of less than 100 MW. A Certificate of Public Convenience and Necessity (CPCN) application is required to be filed with the PSCW for construction approval of any new electric generating facility with a capacity of 100 MW or more. In addition, WPL's ownership and operation of electric generating facilities (including those located in Minnesota) to serve Wisconsin customers is subject to retail utility rate regulation by the PSCW.

In June 2008, WPL filed a CPCN application with the PSCW to construct WPL's Bent Tree - Phase I wind project, which proposed the installation of a 200 MW wind generating facility in Minnesota. In a November 2008 interim order, the PSCW interpreted the CA and CPCN statutes in relationship to constructing more than 100 MW of capacity outside of Wisconsin, an issue that is not specifically addressed in either the CA or the CPCN statute. The PSCW determined that WPL's Bent Tree - Phase I application must be reviewed under the CA statute and not the CPCN statute, and processed WPL's application as a CA application.

In August 2009, Wisconsin Industrial Energy Group, Inc. and Citizens Utility Board filed a Petition for Review with the Circuit Court of Dane County, Wisconsin seeking judicial review of: 1) the PSCW's November 2008 interim order that determined WPL's application for the Bent Tree - Phase I wind project must be reviewed under the CA statute and not the CPCN statute; and 2) the PSCW's July 2009 final order that granted WPL a CA to construct the Bent Tree - Phase I wind project. In October 2009, the PSCW filed a motion to dismiss the petition.

Advance Rate Making Principles - Wisconsin Statutes §196.371 (formerly referred to as Act 7) provides Wisconsin utilities with the opportunity to request rate making principles prior to the purchase or construction of any nuclear or fossil-fueled electric generating facility or renewable generating resource, such as a wind facility, utilized to serve Wisconsin customers. WPL is not obligated to file for or accept authorized rate making principles under Wisconsin Statutes §196.371. WPL can proceed with an approved project under traditional rate making terms.

Minnesota Public Utilities Commission (MPUC) - IPL is subject to regulation by the MPUC related to its operations in Minnesota for various issues including, but not limited to, retail utility rates and standards of service, accounting requirements, issuance and use of proceeds of securities, periodic approval of IPL's capital structure, and approval of the location and construction of electric generating facilities located in Minnesota with a capacity in excess of 50 MW.

Retail Utility Rates - Requests for retail rate relief can be based on either historical or projected data and interim retail rates are permitted. Unless otherwise ordered, the MPUC must reach a final decision within 10 months of filing for retail rate relief. In February 2010, legislation (H.R. 2798 and S. 2519) was introduced in the Minnesota legislature that would allow a utility to implement interim retail rates only when the MPUC finds an immediate and compelling necessity exists for interim rate relief. If the MPUC finds that interim rate relief is necessary, the MPUC may authorize an interim rate schedule under which the utility's revenues would be increased by an amount deemed necessary to prevent harm to the public or utility. Alliant Energy and IPL are currently unable to determine the ultimate impact of this proposed legislation on their financial condition and results of operations.

Refer to Notes 1(b), 1(h), 2 and 12(e) of Alliant Energy's "Notes to Consolidated Financial Statements;" and "Rate Matters," "Environmental Matters" and "Legislative Matters" in MDA for additional information regarding regulation and utility rate matters.

4) STRATEGIC OVERVIEW - Refer to "Strategic Overview" in MDA for discussion of various strategic actions by Alliant Energy, IPL and WPL.

C. INFORMATION RELATING TO UTILITY OPERATIONS

Alliant Energy's utility business (IPL and WPL) has three segments: a) electric operations; b) gas operations; and c) other, which includes IPL's steam operations, various other energy-related products and services and the unallocated portions of the utility business. In 2009, IPL's and WPL's operating revenues and operating income (loss) by these three utility business segments were as follows:

	IPL		WPL	
	Operating Revenues	Operating Income (Loss)	Operating Revenues	Operating Income (Loss)
Electric	77%	89%	84%	87%
Gas	18%	12%	16%	15%
Other	5%	(1%)	--	(2%)
	100%	100%	100%	100%

1) ELECTRIC UTILITY OPERATIONS

General - Electric utility operations represent the largest operating segment for Alliant Energy, IPL and WPL. Alliant Energy's electric utility operations are located in the Midwest with IPL and WPL providing electric service in Iowa, southern and central Wisconsin and southern Minnesota. Refer to the "Electric Operating Information" tables for additional details regarding electric utility operations.

Jurisdictions - Electric utility revenues by state were as follows (dollars in millions):

	2009		2008		2007	
	Amount	Percent	Amount	Percent	Amount	Percent
IPL:						
Iowa	$1,242.3	50 %	$1,184.3	49 %	$1,173.0	49 %
Minnesota	73.3	3 %	74.0	3 %	75.1	3 %
Illinois (a)	--	--	--	--	22.0	1 %
Subtotal	1,315.6	53 %	1,258.3	52 %	1,270.1	53 %
WPL:						
Wisconsin	1,160.3	47 %	1,153.0	48 %	1,139.4	47 %
Illinois (a)	--	--	--	--	1.3	--
Subtotal	1,160.3	47 %	1,153.0	48 %	1,140.7	47 %
	$2,475.9	100 %	$2,411.3	100 %	$2,410.8	100 %

(a) IPL's and WPL's utility operations in Illinois were sold in February 2007.

The percentage of electric utility revenues regulated by IPL's and WPL's respective state commissions and FERC were as follows:

	IPL			WPL		
	2009	2008	2007	2009	2008	2007
Respective state commissions	95%	96%	95%	80%	84%	85%

FERC	5%	4%	5%	20%	16%	15%
	100%	100%	100%	100%	100%	100%

Customers - The number of electric customers and communities served at Dec. 31, 2009 was as follows:

	Retail Customers	Wholesale Customers	Other Customers	Total Customers	Communities Served
IPL	525,334	9	1,367	526,710	752
WPL	453,573	21	2,158	455,752	608
	978,907	30	3,525	982,462	1,360

IPL and WPL provide electric utility service to a diversified base of retail customers in several industries, with the largest concentrations in the food manufacturing, chemical (including ethanol) and paper industries. IPL's retail customers in the above table are billed under base rates established by the IUB or MPUC that include recovery of purchased electric capacity costs, electric transmission service costs and other costs required to serve customers. IPL's electric production fuel and energy purchases costs are recovered pursuant to fuel adjustment clauses. WPL's retail customers in the above table are billed under base rates established by the PSCW that include recovery of electric production fuel and purchased energy costs, purchased electric capacity costs, electric transmission service costs and other costs required to serve customers. The electric fuel rules in Wisconsin allow the PSCW to authorize rate increases/decreases if electric production fuel and energy purchases costs exceed or fall below established fuel monitoring ranges.

Wholesale customers in the above table, which primarily consist of municipalities and rural electric cooperatives, are billed under wholesale service agreements. These agreements include standardized pricing mechanisms that are detailed in tariffs approved by FERC through wholesale rate case proceedings.

In addition, IPL and WPL have bulk power customers, included in "Other customers" in the above table, that are billed according to negotiated, long-term customer-specific contracts, pursuant to FERC-approved tariffs.

Seasonality - Electric sales are seasonal to some extent with the annual peak normally occurring in the summer months due to air conditioning requirements. In 2009, the maximum peak hour demands for Alliant Energy, IPL and WPL were 5,491 MW, 2,981 MW and 2,558 MW, respectively, all on June 23, 2009.

Competition - Retail electric customers in Iowa, Wisconsin and Minnesota currently do not have the ability to choose their electric supplier. However, IPL and WPL attempt to attract new customers into their service territories in an effort to keep energy rates low for all. Although electric service in Iowa, Wisconsin and Minnesota is regulated, IPL and WPL still face competition from self-generation by large industrial customers, alternative energy sources, and petitions to municipalize (Iowa) as well as service territory expansions by municipal utilities through annexations (Wisconsin). Refer to "Other Matters - Other Future Considerations - Electric Sales Projections - Customer Owned Generation" in MDA for information on the recent construction of cogeneration facilities by two of IPL's industrial customers.

In November 2009, WPL filed a request with the PSCW for approval of a proposed economic development program to attract and retain industrial customers in WPL's service territory. If approved, the proposed program would permit WPL to provide eligible industrial customers a discounted energy rate based upon specifically-defined conditions. To be eligible for the proposed program, each customer would need to demonstrate that they were also eligible for direct governmental assistance through a local, state or federal economic development program, in addition to other criteria. The discount amounts would be limited to ensure recovery of marginal costs and would be continually decreased until a customer was paying the full tariff rate. WPL currently anticipates receiving a decision from the

PSCW regarding this filing in the first half of 2010.

Renewable Energy Standards

Iowa - Electric utilities in Iowa are required to purchase or own their proportionate share of 105 MW of capacity and associated energy from alternate energy or small hydro facilities located in the utilities' service area. IPL's proportionate share is approximately 50 MW. As of Dec. 31, 2009, IPL had met the requirements of this renewable energy standard.

Wisconsin - A Wisconsin Renewable Portfolio Standard (RPS) was established in 2006 that requires electric utilities in Wisconsin, including WPL, to increase the portion of their total Wisconsin retail electric sales supplied by renewable energy sources above a benchmark of average retail sales from renewables in 2001, 2002 and 2003. The RPS requires a 2% increase above the benchmark by 2010 and a 6% increase above the benchmark by 2015. Based on this RPS, WPL is required to supply a minimum of 6% and 10% of its total Wisconsin retail electric sales with renewable energy sources by 2010 and 2015, respectively. Wisconsin utilities may reach the RPS with renewable energy generated by the utility, acquired under purchased power agreements (PPAs), or through the use of renewable resource credits.

Minnesota - A Minnesota Renewable Energy Standard (RES) was established in 2007 that requires electric utilities operating in Minnesota, including IPL, to supply a minimum level of their total Minnesota retail electric sales with renewable energy sources by certain future dates. Based on this RES, IPL's total Minnesota retail electric sales supplied with renewable energy sources must be at least 12% by 2012; 17% by 2016; 20% by 2020; and 25% by 2025. Utilities in Minnesota may meet the requirements of the RES with renewable energy generated by the utility, renewable energy acquired under PPAs or the use of renewable resource credits.

Refer to "Strategic Overview - Utility Generation Plans" in MDA for discussion of Alliant Energy's utility generation plan, which includes additional supply from wind generation that is expected to contribute towards meeting renewable energy requirements discussed above.

Energy Conservation - With increased emphasis on energy conservation as a matter of public policy, IPL and WPL are continuing and, where appropriate, expanding initiatives to promote energy conservation and enhance customers' ability to manage their energy use more efficiently. Refer to "Strategic Overview - Energy Efficiency Programs" in MDA for discussion of current energy efficiency programs at IPL and WPL.

Electric Supply - Alliant Energy has met historical customer demand of electricity and expects to continue meeting future demand through internally generated electric supply, electric supply from long-term PPAs and additional electric supply purchases from wholesale energy markets. Alliant Energy's mix of electric supply experienced changes in 2009 with WPL's purchase of the Neenah Energy Facility and the completion of IPL's Whispering Willow - East wind project. Alliant Energy expects its mix of electric supply to change further in the next few years with plans for the construction of additional wind generating facilities and the purchase of Riverside in Beloit, Wisconsin. IPL and WPL are currently updating their generation plans to identify longer term generation needs for both utilities. These long-term generation plans are intended to meet customer demand, reduce reliance on PPAs and mitigate the impacts of future plant retirements while maintaining compliance with long-term electric demand planning reserve margins established by regulators. Alliant Energy currently expects to meet utility customer demands in the future. However, unanticipated regional or local reliability issues could still arise in the event of unexpected delays in the construction of new generating and/or transmission facilities, retirement of generating facilities, generating facility outages, transmission system outages or extended periods of extreme weather conditions. Refer to the "Electric Operating Information" tables for a profile of the sources of electric supply used to meet customer demand for Alliant Energy, IPL and WPL from 2005 to 2009. Refer to "Strategic Overview - Utility Generation Plans" in MDA for details of

Alliant Energy's future utility generation plan.

Electric Demand Planning Reserve Margin (PRM) - IPL and WPL are required to maintain a PRM above their projected annual peak demand forecast to help ensure reliability of electric service to their customers. WPL is required to maintain a 14.5% PRM for long-term planning (planning years two through 10) and a PRM established by MISO for short-term planning. PRM requirements for IPL follow MISO's reserve requirements. IPL and WPL currently have adequate capacity to meet the MISO PRM requirements.

Generation - IPL and WPL own a portfolio of electric generating facilities located in Iowa, Wisconsin and Minnesota with a diversified fuel mix including coal, natural gas and renewable resources. Refer to Item 2. Properties for details of IPL's and WPL's electric generating stations.

Generating Capacity - The generating capacity of IPL's and WPL's electric generating facilities is based upon MISO's resource adequacy process, which uses the unforced capacity of the generating facilities. The generating capacity for the June 2009 to May 2010 planning period by fuel type in MWs was as follows:

	IPL	WPL	Total
Coal	1,590	1,231	2,821
Natural gas	822	628	1,450
Oil	292	--	292
Wind (a)	40	14	54
Hydro	--	27	27
Total	2,744	1,900	4,644

(a) Represents 20% of the capacity of wind projects owned by IPL and WPL based upon the MISO resource adequacy process for wind projects for the planning period from June 2009 to May 2010. As of Dec. 31, 2009, wind projects owned by Alliant Energy included IPL's 200 MW Whispering Willow - East wind project in Franklin County, Iowa and WPL's 68 MW Cedar Ridge wind project in Fond du Lac County, Wisconsin.

Fuel Costs - The average cost of delivered fuel per million British Thermal Units used for electric generation was as follows:

	IPL			WPL		
	2009	2008	2007	2009	2008	2007
All fuels	$2.29	$2.09	$2.35	$2.13	$2.06	$1.97
Coal	1.56	1.58	1.35	2.02	1.93	1.69
Natural gas (a)	13.31	8.18	9.21	18.53	8.64	13.86

(a) The average cost of natural gas is impacted by gains and losses from swap contracts used to hedge the price of natural gas volumes expected to be used by Alliant Energy's natural gas-fired electric generating facilities.

Coal - Coal is the primary fuel source for Alliant Energy's, IPL's and WPL's internally generated electric supply and generally represents approximately 50% of their total sources of electric energy. Alliant Energy, through Corporate Services as agent for IPL and WPL, has entered into contracts with different suppliers to help ensure that a specified supply of coal is available at known prices for IPL's and WPL's coal-fired generating facilities for 2010 through 2012. As of Dec. 31, 2009, existing contracts provide for a portfolio of coal supplies that cover approximately 91%, 62%, and 6% of Alliant Energy's estimated coal supply needs for 2010, 2011 and 2012, respectively. Alliant Energy believes this portfolio of coal supplies represents a reasonable balance between the risks of insufficient supplies and those associated with being unable to respond to future coal market changes. Alliant Energy expects to meet remaining coal requirements from either future contracts or purchases in the spot market. Alliant Energy, through its

subsidiaries Corporate Services, IPL and WPL, also enters into various coal transportation contracts to meet its coal supply agreements. As of Dec. 31, 2009, existing coal transportation agreements cover approximately 80%, 67%, 67%, 47%, and 47% of Alliant Energy's estimated coal transportation needs for 2010 through 2014, respectively.

The majority of the coal utilized by IPL and WPL is from the Wyoming Powder River Basin. A majority of this coal is transported by rail-car directly from Wyoming to IPL's and WPL's generating stations, with the remainder transported from Wyoming to the Mississippi River by rail-car and then via barges to the final destination. As protection against interruptions in coal deliveries, IPL and WPL strive to maintain average coal inventory supply targets of 25 to 50 days for generating stations with year-round deliveries and 30 to 150 days (depending upon the time of year) for generating stations with seasonal deliveries. Actual inventory averages for 2009 were 82 days for generating stations with year-round deliveries and 210 days for generating stations with seasonal deliveries. The average days on hand were computed based on actual tons of inventory divided by average daily tons burned in 2009. Average days on hand increased in 2009 primarily due to lower coal volumes burned as a result of reduced generation needed to serve the lower sales volumes in 2009. Alliant Energy periodically tests coal from sources other than the Wyoming Powder River Basin to determine which alternative sources of coal are most compatible with its generating stations. Access to alternative sources of coal is expected to provide Alliant Energy with further protection against interruptions and lessen its dependence on its primary coal source.

Average delivered fossil fuel costs are expected to increase in the future due to price structures and adjustment provisions in existing coal contracts, rate structures and adjustment provisions in existing transportation contracts, fuel-related surcharges incorporated by transportation carriers and recent coal and transportation market trends. Existing coal commodity contracts with terms of greater than one year have fixed future year prices that generally reflect recent market trends. A few of Alliant Energy's existing coal contracts have provisions for price adjustments should specific indices change. Rate adjustment provisions in older transportation contracts are primarily based on changes in the Rail Cost Adjustment Factor as published by the U.S. Surface Transportation Board. Rate adjustment provisions in more recent transportation contracts are based on changes in the All Inclusive Index Less Fuel as published by the Association of American Railroads. These more recent transportation contracts also contain fuel surcharges that are subject to change monthly based on changes in diesel fuel prices. Other factors that may impact coal prices for future commitments are increasing costs for supplier mineral rights, increasing costs to mine the coal and changes in various associated laws and regulations. For example, emission restrictions related to sulfur dioxide (SO2), nitrogen oxide (NOx) and mercury, along with other environmental limitations on generating stations, continue to increase and will likely limit the ability to obtain, and further increase the cost of, adequate coal supplies. Factors that may impact future transportation rates include, but are not limited to: the need for railroads to enhance/expand infrastructure for demand growth, corresponding investments in locomotives and the desire to improve margins on coal movements commensurate with margins on non-coal movements.

Given its current coal procurement process, the specific coal market in its primary purchase region and regulatory cost-recovery mechanisms, Alliant Energy believes it is reasonably insulated against coal price volatility. Alliant Energy's coal procurement process stresses periodic purchases, staggering of contract terms, stair-stepped levels of supply going forward for multiple years and supplier diversity. Similarly, given the term lengths of its transportation agreements, Alliant Energy believes it is reasonably insulated against future higher coal transportation rates from the major railroads.

Natural Gas - Alliant Energy owns several natural gas-fired generating facilities including IPL's 565 MW Emery Generating Station, WPL's 300 MW Neenah Energy Facility and Resources' 300 MW Sheboygan Falls Energy Facility. WPL has exclusive rights to the output of the Sheboygan Falls Energy Facility under an affiliated lease agreement. These facilities help meet customer demand for electricity generally during peak hour demands. Internally generated electric supply from natural gas-fired generating facilities generally represent less than 5% of Alliant Energy's, IPL's and WPL's total sources of electric energy. Refer to Note 1(e) of Alliant Energy's "Notes to Consolidated Financial Statements" for additional information on WPL's purchase of the Neenah Energy Facility from Resources in June 2009.

Alliant Energy has responsibility to supply natural gas to the generating facilities it owns as well as Riverside, which WPL has rights to under a PPA. WPL has contracts with several companies to provide fixed-price natural gas supply for these generating facilities with the longest contracts having terms through August 2010. WPL has also contracted with ANR Pipeline to provide firm pipeline transportation of 60,000 dekatherms (Dths) per day for Riverside and 2 million Dths of storage capacity for WPL's natural gas-fired generating facilities. IPL has also contracted with Northern Border Pipeline to provide firm pipeline transportation of 50,000 Dths per day for the Emery Generating Station through March 2010.

Nuclear - In January 2006, IPL sold its interest in the Duane Arnold Energy Center (DAEC) to a subsidiary of FPL Group, Inc. (FPL) and upon closing of the sale entered into a PPA with FPL to purchase energy and capacity from DAEC through February 2014. In July 2005, WPL sold its interest in the Kewaunee Nuclear Power Plant (Kewaunee) to a subsidiary of Dominion Resources, Inc. (Dominion) and upon closing of the sale entered into a long-term PPA with Dominion to purchase energy and capacity from Kewaunee through December 2013. As a result of these transactions, Alliant Energy no longer has an ownership interest in any nuclear generating facilities. Alliant Energy entered into these transactions to reduce the financial and operational uncertainty associated with nuclear generating facility ownership and operations while still retaining the benefit of the output from such nuclear generating facilities.

Wind - IPL's 200 MW Whispering Willow - East wind project in Franklin County, Iowa began commercial operation in the fourth quarter of 2009. WPL's 68 MW Cedar Ridge wind project in Fond du Lac County, Wisconsin began commercial operation in the fourth quarter of 2008. Whispering Willow - East and Cedar Ridge are the first fully owned and operated wind projects for IPL and WPL, respectively. Refer to "Strategic Overview - Utility Generation Plans" in MDA for discussion of additional wind projects included in the Utility Generation Plans.

Purchased Power - IPL and WPL enter into PPAs and purchase electricity from wholesale energy markets to meet a portion of their customer demand for electricity. Purchased power represented almost 50% of Alliant Energy's, IPL's and WPL's total sources of electric energy in 2009. IPL's most significant PPA is with FPL for the purchase of energy and capacity from DAEC through February 2014. WPL's most significant PPAs are with Dominion for the purchase of energy and capacity from Kewaunee through December 2013 and with a subsidiary of Calpine Corporation for the purchase of energy and capacity from Riverside through May 2013.

Refer to Note 1(h) for discussion of IPL's and WPL's rate recovery of electric production fuel and purchased energy costs, Note 3(a) for details regarding PPAs accounted for as operating leases and Note 12(b) for details on IPL's and WPL's coal, natural gas and other purchased power commitments in Alliant Energy's "Notes to Consolidated Financial Statements."

Electric Transmission -
IPL - IPL completed the sale of its electric transmission assets located in Iowa, Minnesota and Illinois to ITC in 2007. IPL sold its electric transmission assets in order to monetize the value of the assets to help fund future capital expenditures, to capture tax benefits under federal tax policy that allows deferral of gains on sales of qualifying electric transmission assets completed prior to Jan. 1, 2008 (based on regulations at the time of the sale) and to promote regional transmission expansion that is expected to improve transmission reliability and access for its customers in Iowa and Minnesota. ITC is an independent for-profit, transmission-only company and is a transmission-owning member of the MISO RTO, Midwest Reliability Organization and Reliability First Corporation Regional Entities. ITC has transmission interconnections at various locations with other transmission owning utilities in the Midwest. These interconnections enhance the overall reliability of the IPL delivery system and provide access to multiple sources of economic and emergency energy. IPL currently receives substantially all its transmission services from ITC. The annual transmission service rates that ITC charge its customers is calculated each calendar

year using a FERC-approved cost of service formula rate template referred to as Attachment O. Refer to "Other Matters - Other Future Considerations - IPL's Electric Transmission Service Charges" in MDA for additional information regarding transmission services charges from ITC including a FERC 206 complaint filed by IPL against ITC in 2008.

WPL - WPL transferred its transmission assets to ATC in 2001 in exchange for an ownership interest in ATC. As of Dec. 31, 2009, WPL held a 16% ownership interest in ATC with a carrying value of $219 million. WPL currently anticipates making capital contributions of $3 million, $4 million and $3 million to ATC in 2010, 2011 and 2012, respectively, to maintain its current ownership percentage. During 2009, ATC distributed to WPL, in the form of dividends, $29 million or approximately 80% of WPL's equity earnings from ATC. Although no assurance can be given, WPL anticipates ATC will continue this dividend payout ratio in the future. ATC is an independent for-profit, transmission-only company and is a transmission-owning member of the MISO RTO, Midwest Reliability Organization and Reliability First Corporation Regional Entities. ATC has transmission interconnections with various other transmission owning utilities in the Midwest. These interconnections enhance the overall reliability of the WPL delivery system and provide access to multiple sources of economic and emergency energy. WPL currently receives substantially all its transmission services from ATC. Refer to Note 20 of Alliant Energy's "Notes to Consolidated Financial Statements" for details of agreements between ATC and WPL.

MISO Markets - IPL and WPL are members of MISO, a FERC-approved RTO, which is responsible for monitoring and ensuring equal access to the transmission system in their service territories. IPL and WPL participate in the wholesale energy market and ancillary services markets operated by MISO, which are discussed in more detail below.

Wholesale Energy Market - IPL and WPL began participation in the wholesale energy market operated by MISO in 2005. The market impacts the way IPL and WPL buy and sell wholesale electricity, obtain transmission services, schedule generation and ensure resource adequacy to reliably serve load. In the market, IPL and WPL submit day-ahead and/or real-time bids and offers for energy at locations across the MISO region. MISO evaluates IPL's, WPL's and other market participants' energy injections into, and withdrawals from, the system to economically dispatch the entire MISO system on an hourly basis. MISO settles these hourly offers and bids based on locational marginal prices, which are market-driven values based on the specific time and location of the purchase and/or sale of energy. The market is intended to send price signals to stakeholders where generation or transmission system expansion is needed. This market-based approach is expected to result in lower overall costs in areas with abundant transmission capacity. In addition, MISO may dispatch generators that support reliability needs, but which would not have operated based on economic needs. In these cases, MISO's settlement assures that these generators are made whole financially for variable costs.

Financial Transmission Rights (FTRs) and Auction Revenue Rights (ARRs) - In areas of constrained transmission capacity, such as Wisconsin, costs could be higher due to congestion and its impact on locational marginal prices. As part of the MISO market restructuring in 2005, physical transmission rights of IPL and WPL were replaced with FTRs. FTRs provide a hedge for congestion costs that occur in the MISO day-ahead energy market. Both IPL and WPL are allocated ARRs from MISO each year based on historical use of the transmission system. The revenues from these ARRs are used by IPL and WPL to acquire FTRs through the FTR auctions operated by MISO. IPL's and WPL's current FTRs acquired from ARRs extend through May 31, 2010. MISO re-allocates ARRs annually based on a fiscal year from June 1 through May 31. Based on the FTRs awarded to IPL and WPL to-date and future expected allocations of ARRs, along with the expected regulatory recovery treatment of MISO costs, the financial impacts associated with FTRs have not differed significantly from the financial impacts associated with physical transmission rights that existed prior to the MISO wholesale energy market.

Ancillary Services Market - In January 2009, MISO launched an ancillary services market, which integrates the procurement and use of regulation and contingency reserves with the existing wholesale energy market implemented in 2005. Regulation refers to the moment-to-moment changes in generation that are necessary to meet changes in electricity demand. Contingency reserves refer to additional generation or demand response resources, either on-line or that can be brought on-line within 10 minutes, to meet certain major events such as the loss of a large generating unit or transmission line. MISO plans to address in 2011 refinements to its ancillary services market requested by market participants.

MISO Revenue Sufficiency Guarantee (RSG) Settlements - In 2008, FERC issued two orders requiring MISO to resettle two separate amounts of historical RSG charges from its wholesale energy market. These resettlements involve MISO collecting RSG charges from some market participants and refunding the collected amounts to other market participants. In May and June 2009, FERC issued two orders reversing portions of its 2008 orders that reduced the amount of anticipated RSG resettlements compared to initial estimates. Various FERC orders related to RSG settlements and resettlements are subject to FERC rehearing or have been appealed to the U.S. Court of Appeals for the D.C. Circuit. In 2009, IPL and WPL received $2 million and $1 million, respectively, of net benefits from the two resettlements, including interest.

MISO and PJM Interconnection, LLC (PJM) Market Flow Corrections - In August 2009, MISO and PJM disclosed an error in the calculation of market flow data between the two independent system operators that began in 2005. The error resulted in incorrect payments between MISO and PJM during 2005 through 2009. Because IPL and WPL participated in both the MISO and PJM markets during the period of the error, IPL and WPL may be entitled to refunds or may be required to make additional payments to the two independent system operators. MISO and PJM are currently in settlement discussions regarding this matter. IPL and WPL are currently unable to predict the ultimate resolution of this matter. However, the net impact of payments to or refunds from these two independent system operations to resolve this matter is not expected to have a material adverse impact on IPL's or WPL's financial condition and results of operation.

Electric Environmental Matters - Alliant Energy is subject to environmental regulations issued by federal, state and local agencies. Such regulations are the result of a number of environmental laws passed by the U.S. Congress, state legislatures and local governments and enforced by federal, state and local regulatory agencies. The laws impacting Alliant Energy's electric operations include, but are not limited to, the Safe Drinking Water Act; Clean Water Act; Clean Air Act (CAA); National Environmental Policy Act of 1969; Toxic Substances Control Act; Resource Conservation and Recovery Act; Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act and Emergency Planning and Community Right-to-Know Act of 1986; Endangered Species Act; Occupational Safety and Health Act; National Energy Policy Act, as amended; Federal Insecticide, Fungicide and Rodenticide Act; Hazardous Materials Transportation Act; Pollution Prevention Act; and Department of Homeland Security Appropriations Act. Alliant Energy regularly obtains federal, state and local permits to assure compliance with environmental protection laws and regulations. Costs associated with such compliance have increased in recent years and are expected to continue to increase in the future. Alliant Energy anticipates these prudently incurred costs for IPL and WPL will be recoverable through future rate case proceedings. Refer to "Environmental Matters" and "Legislative Matters" in MDA and Note 12(e) of Alliant Energy's "Notes to Consolidated Financial Statements" for further discussion of electric environmental matters including current or proposed environmental regulations under the Clean Air Interstate Rule, Clean Air Visibility Rule, Utility Maximum Available Control Technology (MACT) Rule, Wisconsin State Mercury Rule, Wisconsin Reasonably Available Control Technology Rule, Ozone National Ambient Air Quality Standards (NAAQS) Rule, Fine Particle NAAQS Rule, Nitrogen Dioxide NAAQS Rule, SO2 NAAQS Rule, Industrial Boiler and Process Heater MACT Rule, Federal Clean Water Act including Section 316(b), Wisconsin State Thermal Rule, Coal Combustion By-products and various legislation and EPA regulations to monitor and regulate the emission of

GHG including the EPA Mandatory GHG Reporting Rule, GHG Endangerment and Cause or Contribute Finding and GHG Tailoring Rule. Refer to “Strategic Overview - Environmental Compliance Plans” in MDA for details of Alliant Energy’s, IPL’s and WPL’s future environmental compliance plans to adhere to environmental regulations.

Alliant Energy Corporation

Electric Operating Information	2009	2008	2007	2006	2005
Operating Revenues (in millions) (a):					
Residential	$ 868.6	$ 844.7	$ 847.5	$ 857.1	$ 823.4
Commercial	556.8	537.5	535.2	549.8	497.4
Industrial	710.7	734.7	731.9	763.7	675.2
Retail subtotal	2,136.1	2,116.9	2,114.6	2,170.6	1,996.0
Sales for resale:					
Wholesale	190.1	201.9	179.8	145.2	158.7
Bulk power and other	98.3	31.1	56.7	68.5	114.6
Other (includes wheeling)	51.4	61.4	59.7	58.7	51.3
Total	$ 2,475.9	$ 2,411.3	$ 2,410.8	$ 2,443.0	$ 2,320.6
Electric Sales (000s megawatt-hours (MWh)) (a):					
Residential	7,532	7,664	7,753	7,670	7,881
Commercial	6,108	6,181	6,222	6,187	6,110
Industrial	10,948	12,490	12,692	12,808	12,830
Retail subtotal	24,588	26,335	26,667	26,665	26,821
Sales for resale:					
Wholesale	3,251	3,813	3,547	3,064	3,161
Bulk power and other	2,583	983	2,550	2,632	2,933
Other	155	164	167	171	173
Total	30,577	31,295	32,931	32,532	33,088
Customers (End of Period) (a):					
Residential	840,927	840,644	840,122	855,948	849,845
Commercial	135,099	134,536	134,235	135,822	134,149
Industrial	2,881	2,934	2,964	3,064	3,044
Other	3,555	3,534	3,529	3,391	3,368
Total	982,462	981,648	980,850	998,225	990,406
Other Selected Electric Data:					
Maximum peak hour demand (MW)	5,491	5,491	5,751	5,989	5,932
Cooling degree days (b):					
Cedar Rapids, Iowa (IPL) (normal - 779)	406	583	846	765	891
	368	538	781	637	847

Madison, Wisconsin (WPL) (normal - 642)					
Sources of electric energy (000s MWh):					
Coal	15,321	17,495	18,643	17,578	17,360
Purchased power:					
Nuclear (c)	5,428	5,465	5,103	5,128	1,008
Wind	957	853	872	840	823
Other	8,585	7,013	7,426	8,088	9,062
Gas	661	1,037	1,894	1,541	2,052
Wind	222	30	-	-	-
Nuclear (c)	-	-	-	264	3,461
Other	180	215	309	263	297
Total	31,354	32,108	34,247	33,702	34,063
Revenue per kilowatt-hour (KWh) sold to retail customers (cents)	8.69	8.04	7.93	8.14	7.44

(a) In February 2007, Alliant Energy sold its electric distribution properties in Illinois. At the date of the sale, Alliant Energy had approximately 22,000 electric retail customers in Illinois. Prior to the asset sales, the electric sales to retail customers in Illinois are included in residential, commercial and industrial sales in the tables above. Following the asset sales, any electric sales associated with these customers are included in wholesale electric sales.

(b) 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.

(c) In January 2006 and July 2005, IPL and WPL sold their respective interests in DAEC and Kewaunee and upon closing of the sales entered into long-term purchased power agreements to purchase energy and capacity from DAEC and Kewaunee, respectively.

Interstate Power and Light Company

Electric Operating Information	2009	2008	2007	2006	2005
Operating Revenues (in millions) (a):					
Residential	$ 478.9	$ 455.2	$ 451.2	$ 471.2	$ 453.9
Commercial	336.8	319.4	316.2	337.4	300.0
Industrial	412.5	407.0	402.0	440.7	387.0
Retail subtotal	1,228.2	1,181.6	1,169.4	1,249.3	1,140.9
Sales for resale:					
Wholesale	23.5	23.4	21.3	1.9	1.9
Bulk power and other	37.3	21.1	42.2	47.8	73.5
Other (includes wheeling)	26.6	32.2	37.2	32.6	30.4
Total	$ 1,315.6	$ 1,258.3	$ 1,270.1	$ 1,331.6	$ 1,246.7

Electric Sales (000s MWh) (a):					
Residential	4,113	4,218	4,204	4,157	4,282
Commercial	3,851	3,911	3,912	3,910	3,836
Industrial	6,829	7,742	7,750	7,860	8,005
Retail subtotal	14,793	15,871	15,866	15,927	16,123
Sales for resale:					
Wholesale	403	449	406	35	41
Bulk power and other	901	682	1,581	1,550	1,682
Other	84	90	93	99	98
Total	16,181	17,092	17,946	17,611	17,944
Customers (End of Period) (a):					
Residential	443,615	443,589	444,974	455,346	454,176
Commercial	79,805	79,508	79,473	81,045	80,238
Industrial	1,914	1,939	1,954	2,018	1,996
Other	1,376	1,381	1,398	1,299	1,317
Total	526,710	526,417	527,799	539,708	537,727
Other Selected Electric Data:					
Maximum peak hour demand (MW)	2,981	2,943	3,085	3,070	3,077
Cooling degree days (b):					
Cedar Rapids, Iowa (normal - 779)	406	583	846	765	891
Sources of electric energy (000s MWh):					
Coal	8,162	9,517	10,547	9,919	9,782
Purchased power:					
Nuclear (c)	3,577	3,619	3,066	3,297	-
Wind	571	616	656	644	632
Other	3,744	2,538	2,445	3,099	3,236
Gas	636	983	1,778	1,426	1,686
Wind	42	-	-	-	-
Nuclear (c)	-	-	-	264	3,177
Other	16	23	127	80	121
Total	16,748	17,296	18,619	18,729	18,634
Revenue per KWh sold to retail customers (cents)	8.30	7.45	7.37	7.84	7.08

(a) In February 2007, IPL sold its electric distribution properties in Illinois. At the date of the sale, IPL had approximately
13,000 electric retail customers in Illinois. Prior to the asset sale, the electric sales to retail customers in Illinois are included in residential, commercial and industrial sales in the tables above. Following the asset sale, any electric sales
associated with these customers are included in wholesale electric sales.
(b) 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.

(c) In January 2006, IPL sold its interest in DAEC and upon closing of the sale entered into a long-term purchased power agreement to purchase energy and capacity from DAEC.

Wisconsin Power and Light Company

Electric Operating Information	2009	2008	2007	2006	2005
Operating Revenues (in millions) (a):					
Residential	$ 389.7	$ 389.5	$ 396.3	$ 385.9	$ 369.5
Commercial	220.0	218.1	219.0	212.4	197.4
Industrial	298.2	327.7	329.9	323.0	288.2
Retail subtotal	907.9	935.3	945.2	921.3	855.1
Sales for resale:					
Wholesale	166.6	178.5	158.5	143.3	156.8
Bulk power and other	61.0	10.0	14.5	20.7	41.1
Other	24.8	29.2	22.5	26.1	20.9
Total	$ 1,160.3	$ 1,153.0	$ 1,140.7	$ 1,111.4	$ 1,073.9
Electric Sales (000s MWh) (a):					
Residential	3,419	3,446	3,549	3,513	3,599
Commercial	2,257	2,270	2,310	2,277	2,274
Industrial	4,119	4,748	4,942	4,948	4,825
Retail subtotal	9,795	10,464	10,801	10,738	10,698
Sales for resale:					
Wholesale	2,848	3,364	3,141	3,029	3,120
Bulk power and other	1,682	301	969	1,082	1,251
Other	71	74	74	72	75
Total	14,396	14,203	14,985	14,921	15,144
Customers (End of Period) (a):					
Residential	397,312	397,055	395,148	400,602	395,669
Commercial	55,294	55,028	54,762	54,777	53,911
Industrial	967	995	1,010	1,046	1,048
Other	2,179	2,153	2,131	2,092	2,051
Total	455,752	455,231	453,051	458,517	452,679
Other Selected Electric Data:					
Maximum peak hour demand (MW)	2,558	2,583	2,816	2,941	2,854
Cooling degree days (b):					

Madison, Wisconsin (normal - 642)	368	538	781	637	847
Sources of electric energy (000s MWh):					
Coal	7,159	7,978	8,096	7,659	7,578
Purchased power:					
Nuclear (c)	1,851	1,846	2,037	1,831	1,008
Wind	386	237	216	196	191
Other	4,841	4,475	4,981	4,989	5,826
Gas	25	54	116	115	366
Wind	180	30	-	-	-
Nuclear (c)	-	-	-	-	284
Other	164	192	182	183	176
Total	14,606	14,812	15,628	14,973	15,429
Revenue per KWh sold to retail customers (cents)	9.27	8.94	8.75	8.58	7.99

(a) In February 2007, WPL sold its electric distribution properties in Illinois. At the date of the sale, WPL had approximately 9,000 electric retail customers in Illinois. Prior to the asset sale, the electric sales to retail customers in Illinois are included in residential, commercial and industrial sales in the tables above. Following the asset sale, any electric sales associated with these customers are included in wholesale electric sales.

(b) 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.

(c) In July 2005, WPL sold its interest in Kewaunee and upon closing of the sale entered into a long-term purchased power agreement to purchase energy and capacity from Kewaunee.

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2) GAS UTILITY OPERATIONS

General - Gas utility operations represent the second largest operating segment for Alliant Energy, IPL and WPL. Alliant Energy's gas utility operations are located in the Midwest with IPL and WPL providing gas service in Iowa, southern and central Wisconsin and southern Minnesota. Refer to the "Gas Operating Information" tables for additional details regarding gas utility operations.

Jurisdictions - Gas utility revenues by state were as follows (dollars in millions):

	2009		2008		2007	
	Amount	Percent	Amount	Percent	Amount	Percent
IPL:						
Iowa	$295.2	56 %	$390.4	55 %	$345.6	55 %
Minnesota	13.6	3 %	20.0	3 %	17.4	3 %
Illinois (a)	--	--	--	--	1.5	--
Subtotal	308.8	59 %	410.4	58 %	364.5	58 %
WPL:						
Wisconsin	216.5	41 %	300.0	42 %	263.7	42 %
Illinois (a)	--	--	--	--	2.0	--
Subtotal	216.5	41 %	300.0	42 %	265.7	42 %
	$525.3	100 %	$710.4	100 %	$630.2	100 %

(a) IPL's and WPL's utility operations in Illinois were sold in February 2007.

Customers - The number of gas customers and communities served at Dec. 31, 2009 were as follows:

	Retail Customers	Transportation / Other Customers	Total Customers	Communities Served
IPL	233,841	242	234,083	243
WPL	177,968	221	178,189	236
	411,809	463	412,272	479

In addition to sales of natural gas to retail customers, IPL and WPL provide transportation service to commercial and industrial customers by moving customer-owned gas through Alliant Energy's distribution systems to the customers' meters. Revenues are collected for this service pursuant to transportation tariffs.

Seasonality - Gas sales follow a seasonal pattern with an annual base-load of gas and a large heating peak occurring during the winter season. Natural gas obtained from producers, marketers and brokers, as well as gas in storage, is utilized to meet the peak heating season requirements. Storage contracts allow IPL and WPL to purchase gas in the summer, store the gas in underground storage fields and deliver it in the winter.

Competition - Federal and state regulatory policies are in place to bring more competition to the gas industry. While the gas utility distribution function is expected to remain a regulated function, sales of the natural gas commodity and related services are subject to competition from third parties. It remains uncertain if, and when, the current economic disincentives for smaller consumption customers to choose an alternative gas commodity supplier may be removed such that the utility business begins to face competition for the sale of gas to those customers.

Gas Supply - IPL and WPL maintain purchase agreements with over 40 suppliers of natural gas from various gas producing regions of the U.S. and Canada. The majority of the gas supply contracts are for terms of six months or less, with the remaining supply contracts having terms through March 2011. IPL's and WPL's gas supply commitments are primarily market-based.

In providing gas commodity service to retail customers, Corporate Services administers a diversified portfolio of transportation and storage contracts on behalf of IPL and WPL. Transportation contracts with Northern Natural Gas Company (NNG), ANR Pipeline (ANR), Natural Gas Pipeline Co. of America (NGPL), Northern Border Pipeline (NBPL) and Guardian Pipeline (Guardian) allow access to gas supplies located in the U.S. and Canada. Arrangements with Firm Citygate Supplies (FCS) provide IPL with gas delivered directly to its service territory. In 2009, the maximum daily delivery capacity for IPL and WPL was as follows (in Dths):

	NNG	ANR	NGPL	FCS	NBPL	Guardian	Total
IPL	186,469	53,180	42,618	15,000	14,085	--	311,352
WPL	83,056	177,467	--	--	--	10,000	270,523

FERC Investigation of Pipeline Tariffs - In November 2009, FERC initiated proceedings to investigate the rates of return that NNG, Great Lakes Pipeline and NGPL earned in 2008. FERC used data from annual filings made by interstate pipelines to estimate the rate of return that all U.S. pipelines earned in 2008 and concluded that these three pipelines may have earned rates of return exceeding 20%. The purpose of the proceeding is to determine whether the tariff rates charged by these pipelines are set too high. By law, there will be no retroactive refunds as a result of these

proceedings. However, the proceedings may result in changes to tariff rates charged by these pipelines in the future. Any change in tariff rates charged by these pipelines in the future is expected to be passed on to IPL's and WPL's gas customers through their respective natural gas cost recovery mechanisms. FERC anticipates issuing a ruling regarding these proceedings in late 2010.

Refer to Note 1(h) for information relating to utility natural gas cost recovery mechanisms and Note 12(b) for discussion of natural gas commitments in Alliant Energy's "Notes to Consolidated Financial Statements."

Gas Environmental Matters - Alliant Energy is subject to environmental regulations by federal, state and local agencies. Such regulations are the result of a number of environmental laws passed by the U.S. Congress, state legislatures and local governments and enforced by federal, state and local regulatory agencies. The laws impacting Alliant Energy's gas operations include, but are not limited to, the Safe Drinking Water Act; Clean Water Act; National Environmental Policy Act of 1969; Toxic Substances Control Act; Resource Conservation and Recovery Act; Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act and Emergency Planning and Community Right-to-Know Act of 1986; Endangered Species Act; Occupational Safety and Health Act; National Energy Policy Act, as amended; Federal Insecticide, Fungicide and Rodenticide Act; Hazardous Materials Transportation Act; and Pollution Prevention Act. Alliant Energy regularly obtains federal, state and local permits to assure compliance with environmental protection laws and regulations. Costs associated with such compliance have increased in recent years and are expected to continue to increase in the future. Alliant Energy anticipates these prudently incurred costs for IPL and WPL will be recoverable through future rate case proceedings. Refer to Note 12(e) of Alliant Energy's "Notes to Consolidated Financial Statements" for discussion of gas environmental matters.

Alliant Energy Corporation

Gas Operating Information	2009	2008	2007	2006	2005
Operating Revenues (in millions) (a):					
Residential	$ 290.8	$ 385.0	$ 348.6	$ 342.8	$ 358.1
Commercial	174.7	240.5	199.0	198.8	202.0
Industrial	30.7	51.1	39.4	38.7	43.8
Retail subtotal	496.2	676.6	587.0	580.3	603.9
Interdepartmental	4.9	7.8	17.4	19.2	55.9
Transportation/other	24.2	26.0	25.8	33.8	25.3
Total	$ 525.3	$ 710.4	$ 630.2	$ 633.3	$ 685.1
Gas Sales (000s Dths) (a):					
Residential	27,711	30,630	28,137	26,406	28,554
Commercial	20,725	22,461	19,417	18,707	18,763
Industrial	4,558	5,558	4,694	4,498	4,406
Retail subtotal	52,994	58,649	52,248	49,611	51,723
Interdepartmental	938	1,373	2,591	2,468	6,959
Transportation/other	53,580	59,253	58,911	53,436	55,891
Total	107,512	119,275	113,750	105,515	114,573
Retail Customers at End of Period (a):					
Residential	365,597	365,193	363,825	374,494	371,443

Commercial	45,641	45,413	45,374	46,319	46,153
Industrial	571	584	591	657	692
Total	411,809	411,190	409,790	421,470	418,288
Other Selected Gas Data:					
Heating degree days (b):					
Cedar Rapids, Iowa (IPL) (normal - 6,732)	7,074	7,636	6,815	6,247	6,585
Madison, Wisconsin (WPL) (normal - 7,095)	7,356	7,714	6,935	6,520	6,840
Revenue per Dth sold to retail customers	$ 9.36	$ 11.54	$ 11.23	$ 11.70	$ 11.68
Purchased gas costs per Dth sold to retail customers	$ 6.47	$ 8.73	$ 8.11	$ 8.32	$ 8.68

(a) In February 2007, Alliant Energy sold its natural gas properties in Illinois. At the date of the sale, Alliant Energy had approximately 14,000 gas retail customers in Illinois. Prior to the asset sales, the gas sales to retail customers in Illinois are included in residential, commercial and industrial sales in the tables above.

(b) 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.

Interstate Power and Light Company

Gas Operating Information	2009	2008	2007	2006	2005
Operating Revenues (in millions) (a):					
Residential	$ 168.6	$ 219.3	$ 203.4	$ 197.9	$ 201.7
Commercial	100.8	137.3	115.0	114.4	112.7
Industrial	25.0	40.4	31.2	30.4	33.8
Retail subtotal	294.4	397.0	349.6	342.7	348.2
Interdepartmental	2.9	2.2	2.6	2.2	5.1
Transportation/other	11.5	11.2	12.3	14.5	9.5
Total	$ 308.8	$ 410.4	$ 364.5	$ 359.4	$ 362.8
Gas Sales (000s Dths) (a):					
Residential	16,072	18,110	16,541	15,136	16,486
Commercial	11,451	13,099	11,080	10,552	10,576
Industrial	3,787	4,539	3,811	3,622	3,428
Retail subtotal	31,310	35,748	31,432	29,310	30,490
Interdepartmental	474	217	327	352	511
Transportation/other	29,924	34,776	34,433	32,342	30,691
Total	61,708	70,741	66,192	62,004	61,692
Retail Customers at End of Period (a):					
Residential	206,937	206,866	206,873	211,768	211,217
Commercial	26,545	26,603	26,664	27,222	27,384

Industrial	359	367	366	382	398
Total	233,841	233,836	233,903	239,372	238,999
Other Selected Gas Data:					
Heating degree days (b):					
Cedar Rapids, Iowa (normal - 6,732)	7,074	7,636	6,815	6,247	6,585
Revenue per Dth sold to retail customers	$ 9.40	$ 11.11	$ 11.12	$ 11.69	$ 11.42
Purchased gas cost per Dth sold to retail customers	$ 6.61	$ 8.50	$ 8.38	$ 8.69	$ 8.78

Wisconsin Power and Light Company

Gas Operating Information	2009	2008	2007	2006	2005
Operating Revenues (in millions) (a):					
Residential	$ 122.2	$ 165.7	$ 145.2	$ 144.9	$ 156.4
Commercial	73.9	103.2	84.0	84.4	89.3
Industrial	5.7	10.7	8.2	8.3	10.0
Retail subtotal	201.8	279.6	237.4	237.6	255.7
Interdepartmental	2.0	5.6	14.8	17.0	50.8
Transportation/other	12.7	14.8	13.5	19.3	15.8
Total	$ 216.5	$ 300.0	$ 265.7	$ 273.9	$ 322.3
Gas Sales (000s Dths) (a):					
Residential	11,639	12,520	11,596	11,270	12,068
Commercial	9,274	9,362	8,337	8,155	8,187
Industrial	771	1,019	883	876	978
Retail subtotal	21,684	22,901	20,816	20,301	21,233
Interdepartmental	464	1,156	2,264	2,116	6,448
Transportation/other	23,656	24,477	24,478	21,094	25,200
Total	45,804	48,534	47,558	43,511	52,881
Retail Customers at End of Period (a):					
Residential	158,660	158,327	156,952	162,726	160,226
Commercial	19,096	18,810	18,710	19,097	18,769
Industrial	212	217	225	275	294
Total	177,968	177,354	175,887	182,098	179,289
Other Selected Gas Data:					
Heating degree days (b):					
Madison, Wisconsin (normal - 7,095)	7,356	7,714	6,935	6,520	6,840
Revenue per Dth sold to retail customers	$ 9.31	$ 12.21	$ 11.40	$ 11.70	$ 12.04
Purchased gas cost per Dth sold to retail customers	$ 6.28	$ 9.08	$ 7.70	$ 7.77	$ 8.53

(a) In February 2007, IPL and WPL sold their respective natural gas properties in Illinois. At the date of the sale, IPL and
WPL had approximately 6,000 and 8,000 gas retail customers in Illinois, respectively. Prior to the asset sales, the gas

sales to retail customers in Illinois are included in residential, commercial and industrial sales in the tables above.
(b) 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.

3) STEAM UTILITY OPERATIONS - IPL has historically provided steam service to approximately 200 customers in Cedar Rapids, Iowa, who used high-pressure steam for production purposes or low-pressure steam for hot water and heat. Substantially all of the steam for these customers was generated by IPL's Prairie Creek and Sixth Street Generating Stations in Cedar Rapids prior to June 2008. In June 2008, IPL's Prairie Creek and Sixth Street Generating Stations were shutdown as a result of significant damage caused by severe flooding in downtown Cedar Rapids. Soon after the flood waters receded, IPL made necessary repairs to its steam distribution systems and established temporary steam generating systems (natural gas-fired package boilers and water treatment systems) to resume steam service for its customers. Following months of evaluations and discussions with its steam customers, IPL announced in the second quarter of 2009 its decision to discontinue providing temporary steam service to those steam customers located in downtown Cedar Rapids previously served by IPL's Sixth Street Generating Station. IPL ceased low-pressure steam operations in downtown Cedar Rapids in December 2009 and currently expects to cease high-pressure steam operations in downtown Cedar Rapids in the second quarter of 2010. The Prairie Creek Generating Station was returned to service in 2009 and is expected to be the primary source of steam for IPL's remaining high-pressure steam customers in the future.

D. INFORMATION RELATING TO NON-REGULATED OPERATIONS

Resources manages a portfolio of wholly-owned subsidiaries and additional investments through several distinct platforms: RMT (including WindConnect®), Non-regulated Generation, Transportation and other non-regulated investments.

RMT - provides renewable energy services and environmental consulting and engineering services to industrial and commercial clients nationwide. RMT offers renewable energy services through its WindConnect® segment, which provides siting, design, construction, and high voltage connection services for wind and solar projects in the U.S. RMT's environmental consulting and engineering services include site remediation and restoration, air quality control, auditing/compliance management, facility siting and planning, and environmental construction.

The economic conditions during 2008 and 2009 have resulted in constrained financial markets and lower funding for large capital projects in the renewable energy services market. With fewer renewable energy projects receiving funding, the competition for those projects has intensified. RMT is currently among a small group of companies that has technical expertise and project experience for all phases of a renewable energy project, from siting through electrical grid connection. Future growth in the renewable energy infrastructure market may attract new competitors to the renewable energy services market including large construction companies.

The environmental consulting and engineering market is mature, highly fragmented, and composed of a large number of firms ranging in size from small private entities to large public firms. RMT's competitors in this market vary by their scope of services, scale and geographical location of projects.

Non-regulated Generation - owns the 300 MW, simple-cycle, natural gas-fired Sheboygan Falls Energy Facility near Sheboygan Falls, Wisconsin, which is leased to WPL for an initial period of 20 years ending in 2025. Also included in Non-regulated Generation is Industrial Energy Applications, Inc., which provides on-site energy services with small standby generators.

Transportation - includes a short-line railway that provides freight service between Cedar Rapids, Iowa and Iowa City, Iowa; a barge terminal and hauling services on the Mississippi River; and other transfer and storage services.

Other non-regulated investments - include the Whiting Petroleum Corporation tax sharing agreement receivable discussed in Note 4(b) of Alliant Energy's "Notes to Consolidated Financial Statements," real estate investments, two corporate airplanes and several other modest investments.

ITEM 1A. RISK FACTORS

You should carefully consider each of the risks described below relating to Alliant Energy, IPL and WPL, together with all of the other information contained in this combined Annual Report on Form 10-K, before making an investment decision with respect to our securities. If any of the following risks develop into actual events, our business, financial condition or results of operations could be materially and adversely affected and you may lose all or part of your investment.

Risks related to the regulation of our business could impact the rates we are able to charge, our costs and our profitability - We are subject to comprehensive regulation by federal and state regulatory authorities, which significantly influences our operating environment, the ability to timely recover costs from customers and to earn appropriate rates of return. In particular, our utility operations are regulated by regulatory authorities with jurisdiction over public utilities, including the IUB, the PSCW, the MPUC and FERC. These authorities regulate many aspects of our operations, including: rates charged to customers; costs of fuel, purchased power and natural gas that can be recovered from customers; operating costs that can be recovered from customers; the authorized rates of return on capital; common equity levels; the amount of deferred costs that may be recovered from customers; our ability to site and construct new generating facilities and the amount of costs associated therewith that may be recovered from customers; authorization to install environmental pollution control equipment and whether equipment costs can be recovered from customers; construction and maintenance of facilities; operations, including requiring certain sources of energy such as renewable sources and reductions in energy usage by customers; rates paid to transmission operators; safety; issuance of securities; accounting matters; and transactions between affiliates. Further, provisions of the Wisconsin Utility Holding Company Act limit our ability to invest in non-utility activities and could deter takeover attempts by a potential purchaser of our common stock that would be willing to pay a premium for our common stock. These regulatory authorities are also empowered to impose financial penalties and other sanctions on us if we are found to have violated statutes and regulations governing utility operations. Our ability to obtain rate adjustments to earn appropriate rates of return depends upon timely regulatory action under applicable statutes and regulations, and we cannot assure that rate adjustments will be obtained or appropriate rates of return on capital will be earned. IPL and WPL currently plan to file a number of rate cases with regulatory authorities. In future rate cases, IPL and WPL may not receive an adequate amount of rate relief, rates may be reduced, rate adjustments may not be approved on a timely basis, costs may not be otherwise recovered through rates, and allowed rates of return on capital may be inadequate. As a result, we may experience adverse impacts on our financial condition and results of operations. We are unable to predict the impact on our business and operating results from future regulatory activities of any of these agencies. Changes in regulations or the imposition of additional regulations may require us to incur additional costs or change business operations or our business plan, which may have an adverse impact on our financial condition and results of operations.

We are exposed to risks related to economic conditions - Our utility operations are impacted by the economic conditions in our service territories. The current economic downturn in our service territories has caused our sales and revenues to decline. The totality of the sales declines to date is not fully reflected in all our rates, causing an adverse impact on our financial condition and results of operations. If economic conditions decline further in our service territories, we may experience additional reduced demand for electricity or natural gas. If current and future demand

declines are not reflected in our rates, our financial condition and results of operations could be negatively impacted. In addition, adverse economic conditions in our service territories could negatively impact our collections of receivables. The current economic downturn in our service territories has also caused a reduction in the number of industrial customers in our service territories. We have fewer customers as a result of the most recent recession and could lose additional customers due to economic conditions, customers constructing their own generation facilities, and loss of service territory or franchises. The current economic climate, and future economic growth, may not cause enough growth for us to replace the lost energy demand from these customers. The loss of customers, and the inability to replace those customers with new customers, could negatively impact our financial condition and results of operations.

Changes in commodity prices or the availability of commodities may increase the cost of producing electric energy or change the amount we receive from selling electric energy, harming our financial performance - The prices that we may obtain for electric energy may not compensate for changes in delivered coal, natural gas or electric energy spot-market costs, or changes in the relationship between such costs and the market prices of electric energy. As a result, we may be unable to pass on the changes in costs to our customers, especially at WPL where we do not have a retail automatic fuel cost adjustment clause, which allows more consistent and timely cost recovery. This may result in an adverse effect on our financial condition and results of operations. We are heavily exposed to changes in the price and availability of coal because the majority of the electricity generated by us is from our coal-fired generating facilities. We have contracts of varying durations for the supply and transportation of coal for most of our existing generating capability, but as these contracts end or otherwise are not honored, we may not be able to purchase coal on terms as favorable as the current contracts. Further, we currently rely on coal primarily from the Powder River Basin in Wyoming and any disruption of coal production in, or transportation from, that region may cause us to incur additional costs and adversely affect our financial condition and results of operations. We also have responsibility to supply natural gas to certain natural gas-fired electric generating facilities that we own and lease, which increase our exposure to the more volatile market prices of natural gas. We have natural gas supply contracts in place which are generally short-term in duration. The natural gas supply commitments are either fixed price in nature or market-based. As some of the contracts are market-based, and all of the contracts are short-term, we may not be able to purchase natural gas on terms as favorable as the current contracts when the current contracts expire. Further, any disruption of production or transportation of natural gas may cause us to incur additional costs to purchase natural gas that may adversely impact our financial condition and results of operations. We buy electricity from the market, and sell our generation into the market. The market prices impact the volumes of electricity bought and sold and impact our results of operations. The derivative instruments we use to manage our commodity risks have terms allowing our counterparties to demand cash collateral. Extensive cash collateral demands could adversely impact our cash flows.

Risks related to implementing our strategic plan - Our strategic plan includes investments in renewable energy and natural gas generation, environmental control equipment at existing generating facilities, Smart Grid enablement through automated metering infrastructure and energy efficiency. The construction or purchase of renewable energy generating facilities and advanced metering infrastructure is subject to many risks, which may cause increased costs or inability to recover costs, or may impede or block our ability to achieve our strategic objectives. The state utility commissions may not permit us to site, construct or purchase the generating facilities or add large-scale environmental control equipment to existing generating facilities. Such a state utility commission decision could be based upon any number of factors, including the commission’s determination that there is no need for the facilities or equipment, customer rate increases associated with the new generating facilities or equipment are too large or that the added costs to the customer outweigh the benefits to the customer, technology changes, environmental concerns or other factors. State utility commissions could approve the construction or purchase of generating facilities, but include conditions that make the project uneconomical. Such conditions could include low rates of return, inability to adequately recover costs or certain operating restrictions. If we receive regulatory approval to build the facilities,

advocacy groups or other associations may file lawsuits seeking to overturn or modify the regulatory approvals, as has been done relative to WPL's Bent Tree - Phase I wind project. If the state utility commissions do not approve the new generating facilities or do not approve conditions that make the project economical, or if certain groups successfully challenge the state utility commissions' decisions to allow the generating facilities, we will not be able to implement our strategic plan and our financial condition and ability to serve our customers could be negatively affected.

Risks related to wind generation - Our strategic plan includes our utility subsidiaries building and operating wind generating facilities. Our subsidiary, RMT, Inc., is also dependent on growth in the wind development market. The health of, and growth of, the wind market depends on tax incentives, such as the production tax credit, and other incentives included in the American Recovery and Reinvestment Act of 2009, and other laws and regulations. It also depends on the state of the economy and credit markets. The failure of tax incentives to work as expected, the elimination of or changes to these incentives, or continued economic and credit market weakness, could adversely impact our ability to achieve our strategic plan and could adversely impact our financial condition and results of operations. Growth at RMT requires RMT to maintain its current market share in the wind construction market as the market grows. RMT's inability to maintain its market share could adversely impact our ability to achieve our strategic plan and could adversely impact our results of operations.

Risks related to large construction projects - Large construction projects, such as the building of renewable energy generating facilities, adding large-scale environmental control equipment to generating facilities or adding new infrastructure such as advanced metering infrastructure, are subject to various risks that could cause costs to increase or delays in completion. These risks include shortages of, the inability to obtain, the cost of and the consistency of labor, materials and equipment, the inability of the general contractor or subcontractors to perform under their contracts, the inability to agree to terms of contracts or disputes in contract terms, work stoppages, adverse weather conditions, the inability to obtain necessary permits in a timely manner, changes in applicable laws or regulations, adverse interpretation or enforcement of permit conditions, governmental actions, legal action, and unforeseen engineering or technology issues. If the construction project is over budget, we may not be able to recover those excess costs. Inability to recover excess costs, or inability to complete the project in a timely manner, could adversely impact our financial condition and results of operations.

Costs of compliance with existing and future laws and the incurrence of liabilities, particularly related to the environment, could adversely affect our profitability - Our operations are subject to extensive regulation including environmental protection laws and regulations relating to, among other things, water discharges, management of hazardous and solid waste, and air emissions such as sulfur dioxide, nitrogen oxide, particulate matter and mercury. Laws and regulations affecting our operations have recently been adopted by the EPA and state authorities, and are being implemented in the states we operate. In addition, new regulations from federal and state authorities, such as potential water, greenhouse gas (GHG) and coal ash regulations, are under consideration and may be adopted, requiring modifications to our utility operations. New interpretations of existing laws and regulations could be adopted or become applicable to us or our facilities. Rules may be adopted and then overturned by courts, such as the Clean Air Mercury Rule, or sent back to the EPA for revisions, such as the Clean Air Interstate Rule. These regulations, possible new regulations and possible new interpretations may substantially increase compliance expenditures made by us or restrict our operations in the future. We also have current or previous ownership interests in sites associated with the production of gas and the production and delivery of electricity for which we may be liable for additional costs related to investigation, remediation and monitoring of these sites. We cannot predict with certainty the amount and timing of all future expenditures (including the potential or magnitude of any fines or penalties, including the severity of any restrictions on our operations) related to environmental matters, although we expect them to be material. Further, we believe we comply with such regulations, but a state or federal oversight agency may not agree, as occurred when the EPA issued a notice of violation to WPL alleging non-compliance with various permitting requirements under the Clean Air Act. The risks associated with compliance and estimating compliance costs include the possibility that changes will be made to the current environmental laws and regulations, the uncertainty regarding the type of compliance that will finally be required by rules and regulations, the possibility that a state or federal oversight agency will not agree that we are compliant, the uncertain treatment of expenditures by

regulators in setting our rates, the possible inability to obtain necessary materials or skilled labor force required for certain equipment necessary to comply with environmental regulations, the rising costs of equipment, services and labor related to environmental compliance, the possibility that technology will not perform as anticipated, co-owner considerations with respect to our jointly-owned facilities, and the uncertainty in quantifying liabilities under environmental laws that impose joint and several liabilities on all potentially responsible parties. Compliance with current and future environmental laws and regulations may result in increased capital, operating and other costs, including remediation and containment expenses and monitoring obligations, which could adversely impact our financial condition and results of operations.

We plan to move forward with environmental control projects that were planned to comply with the Clean Air Interstate Rule because we expect future environmental regulations will be adopted that require these projects. We also purchased emission allowances to comply with the Clean Air Interstate Rule. State utility commissions may not approve such projects because the current requirements for them are in question, or may not allow us to recover costs of the projects and emission allowances if future regulations are not adopted or changed significantly from current regulations. Co-owners in our jointly-owned facilities may not agree with our decision to move forward with these projects. Further, more stringent environmental regulations could be adopted in the future, requiring controls in addition to those currently planned. Failure to obtain utility commission approvals, inability to fully recover costs or failure to obtain co-owner approval could adversely impact our financial condition and results of operations.

Citizen groups or others may bring litigation over environmental issues including claims of various types, such as property damage and personal injury. Citizen legal challenges to compliance decisions on the enforcement of environmental requirements, such as approval of air permits, opacity and other air quality standards may be brought against us. WPL is currently involved in matters in which the Sierra Club is alleging various violations of the Clean Air Act. Specifically, the Sierra Club alleged that WPL violated the Clean Air Act by not obtaining permits for various projects at its owned and co-owned generating facilities, by violating opacity limits at a generating facility, and by changing the permitted operation of a generating facility. If we are unsuccessful defending such litigation, we could be subject to restrictions or prohibitions to operating our generation facilities, costly upgrades to our generation facilities, payment of damages or fines, and litigation costs, all of which could be material. An adverse result in such legal actions could have a material adverse impact on our financial condition and results of operations.

Actions related to global climate change and reducing GHG emissions could impact us - The primary GHG emitted from our utility operations is carbon dioxide (CO2) from combustion of fossil fuels at our generating facilities. Our generating facilities are primarily coal-fired facilities. Various laws and regulations addressing climate change are being considered at the federal and state levels. The Supreme Court has ruled that CO2 may be regulated by the EPA. The EPA has determined that CO2 threatens the public health and welfare and may now regulate all CO2 emissions under the Clean Air Act. Several bills have been introduced in the U.S. Congress that could compel CO2 emission reductions. Proposals under consideration include limitations on the amount of GHG that can be emitted (so called “caps”) together with systems of trading allowed emissions capacities. Under most of these proposals, companies like ours would be allocated a certain number of emission allowances. If our CO2 emissions were higher than the allowances allocated to us, we would have to purchase additional, and potentially costly, allowances to cover our current emissions. Under some proposals, we would not receive an adequate number of allowances to cover our current emissions. This type of system could require us to reduce emissions, even though carbon capture technology is not currently available for efficient reduction, or to purchase costly allowances for such emissions. Emissions also could be taxed independently of limits. In addition, we may be required to reduce our customers’ use of electricity, thereby reducing our sales. The Governors of all of the states in our service territories have signed on to the Midwestern Governors Association GHG Accord (GHG Accord). The stated goal of the GHG Accord’s platform is to “maximize the energy resources and economic advantages and opportunities of Midwestern states while reducing emissions of atmospheric CO2 and other GHG.” Each state in our service territories has established a board or

commission regarding reducing CO2 emissions. Wisconsin's legislature is considering GHG emission legislation. We could be subject to any regulations that are adopted in the future, and could become the target of challenges, because generating electricity using fossil fuels emits CO2. The impacts of such proposals could have a material adverse impact on our financial condition and results of operations.

Furthermore, state regulators may consider future climate change policy implications in proceedings related to making environmental upgrades to existing facilities. Future regulation of CO2 emissions could make some of our electric generating facilities uneconomic to maintain or operate. The cost to comply with future potential CO2 emissions regulations could be very high. There is no guarantee that we will be allowed to fully recover compliance costs or that cost recovery will not be delayed or otherwise conditioned. Due to the uncertainty of what form CO2 emissions regulations could take, control technologies available to reduce GHG emissions, including CO2, and the unknown nature of potential compliance obligations should climate change regulations be enacted, we cannot provide any assurance regarding the potential impacts these future regulations would have on our operations. In addition, we cannot predict if, or how, state regulators may factor this issue into approvals and permits for us to modify our existing coal-fired generation. All such regulatory results could adversely impact our ability to implement our strategic plan and our financial condition and results of operations.

Risks related to capital markets - We rely on accessing the capital markets to support capital expenditure programs and other capital requirements, including expenditures to build utility infrastructure and comply with future regulatory requirements. Successful implementation of our strategic plan and other long-term business strategies is dependent upon the ability of us to access the capital markets under competitive terms and rates. We have forecasted capital expenditures of $2.5 billion over the next three years. Capital markets, particularly debt markets, were under considerable strain recently, resulting in negative impacts on the availability and terms of credit available to certain businesses. Any national economic downturn or disruption of financial markets could reduce our access to capital necessary for our operations and to execute our strategic plan. If the credit crisis returns, we may be unable to access the credit markets, or our cost of borrowing might significantly increase. We rely on our strong credit ratings to access the credit markets. If our credit ratings are downgraded for any reason, we could pay higher interest rates in future financings, the pool of potential lenders could be reduced, borrowing costs under existing credit facilities could increase, our access to the commercial paper market could be limited, or we could be required to provide additional credit assurance, including cash collateral, to contract counterparties. If our access to capital were to become significantly constrained or costs of capital increased significantly due to lowered credit ratings, prevailing industry conditions, regulatory constraints, the volatility of the capital markets or other factors, our financial condition and results of operations could be significantly adversely affected.

We are subject to employee workforce factors that could affect our businesses - We are subject to employee workforce factors, including loss or retirement of key personnel, availability of and our ability to recruit qualified personnel, collective bargaining agreements with employees and work stoppage that could affect our businesses and financial condition and results of operations. Further, our workforce is dominated by members of the baby boomer generation who are nearing retirement. As a large portion of our workforce prepares to retire, we must recruit and train new employees to replace them. Costs of recruitment and the ability to find qualified employees are expected to become more difficult as our workforce retires. These factors could adversely affect our business and financial condition.

Failure to provide reliable service to our utility customers could adversely affect our operating results - We are currently obligated to supply electric energy in parts of Iowa, Wisconsin and Minnesota. From time to time and because of unforeseen circumstances, the demand for electric energy required to meet these obligations could exceed our available electric generating capability and energy commitments pursuant to purchased power agreements. The North American transmission grid is highly interconnected and, in extraordinary circumstances, disruptions at particular points within the grid could cause an extensive power outage in our delivery systems. Power outages in our

service territories could result from factors outside of our control or service territories. If this occurs, we may have to buy electric energy in the market. Our utilities may not always have the ability to pass all the costs of purchasing the electric energy on to their customers, and even if they are able to do so, there may be a significant delay between the time the costs are incurred and the time the costs are recovered. Since these situations most often occur during periods of peak demand, it is possible that the market price for electric energy at the time we purchase it could be very high. Even if a supply shortage was brief, we could suffer substantial losses that could diminish our financial condition and results of operations. The transmission system in our utilities' service territories is constrained, limiting the ability to transmit electric energy within our service territories and access electric energy from outside of our service territories. The transmission constraints could result in failure to provide reliable service to our utility customers and the inability to deliver energy from generating facilities, particularly wind generating facilities, to the national grid, or not being able to access lower cost sources of electric energy. Failure to provide safe and reliable service, including effects of equipment failures in electric and natural gas delivery systems and any resulting fines or litigation costs, or market demand for energy exceeding available supply, may result in reduced revenues and increased maintenance and capital costs, which could adversely impact our financial condition and results of operations.

Operation of electric generating facilities or capital improvement of utility facilities may involve unanticipated changes or delays in operations that could negatively impact our business - The operation of electric generating facilities involves many risks, including start-up risks, breakdown or failure of equipment, transmission lines or pipelines, use of technology, the dependence on a specific fuel source, including the supply and transportation of fuel, as well as the risk of performance below expected or contracted levels of output or efficiency. These risks could negatively impact our business through asset degradation, lost revenues or increased costs, including the cost of replacement power. Additionally, our ability to successfully and timely complete planned capital improvements to existing facilities within established budgets is contingent upon many variables and may be subject to substantial risks. Should such efforts be unsuccessful, we could be subject to additional costs and increased risk of non-recovery of construction or improvement costs through rates, which could adversely affect our financial condition and results of operations.

Our operating results may fluctuate on a seasonal and quarterly basis and can be adversely affected by the impacts of weather - Our electric and gas utility businesses are seasonal businesses and weather patterns can have a material impact on their operating performance. Demand for electricity is greater in the summer months associated with air conditioning requirements. In addition, market prices for electricity generally peak in the summer due to higher demand. Demand for natural gas depends significantly upon weather patterns in winter months due to heavy use for residential and commercial heating. As a result, our overall operating results in the future may fluctuate substantially on a seasonal basis. In addition, we have historically generated less revenues and income when weather conditions are warmer in the winter and cooler in the summer. Unusually mild winters and summers could have an adverse effect on our financial condition and results of operations.

Storms or natural disasters may impact our operations in unpredictable ways - Storms or catastrophic natural disasters may impact our operations. Storms and natural disasters, such as the flood of 2008 and the ice storms of 2007, may adversely impact our ability to generate, purchase or distribute electric energy or obtain fuel sources and may significantly slow growth, or cause a decline, in the economy within our service territories. Storms and natural disasters may prevent our customers from being able to operate, causing lower sales and revenues. In addition, we could incur large costs of repairing damage to our generating facilities and infrastructure due to storms or natural disasters. The loss of revenues may not be recovered. The restoration costs may not be fully covered by insurance policies. Damage to assets could also require us to take impairments. Some costs may not be recovered in rates, or there could be significant delays in cost recovery. Any of these items could adversely affect our financial condition and results of operations.

We are subject to limitations on our ability to pay dividends - Alliant Energy is a holding company with no significant operations of its own. Accordingly, the primary sources of funds for Alliant Energy to pay dividends to its shareowners are dividends and distributions from its subsidiaries. Our subsidiaries are separate and distinct legal entities and have no obligation to pay any amounts to us, whether by dividends, loans or other payments. The ability of our subsidiaries to pay dividends or make distributions to us and, accordingly, our ability to pay dividends on Alliant Energy common stock will depend on regulatory limitations and the earnings, cash flows, capital requirements and general financial condition of our subsidiaries. Our utilities each have dividend payment restrictions based on the terms of their outstanding preferred stock and regulatory limitations applicable to them. If we do not receive adequate dividends and distributions from our subsidiaries, then we may not be able to make, or may have to reduce, dividend payments on Alliant Energy common stock.

Threats of terrorism and catastrophic events that could result from terrorism may impact our operations in unpredictable ways - We are subject to direct and indirect effects of terrorist threats and activities. Generation and transmission facilities, in general, have been identified as potential targets. The effects of terrorist threats and activities include, among other things, terrorist actions or responses to such actions or threats, the inability to generate, purchase or transmit electric energy, the risk of significant slowdown in growth or a decline in the U.S. economy, disruption or volatility in, or other effects on capital markets, and the increased cost and adequacy of security and insurance. Terrorist threats and activities may adversely impact our ability to generate, purchase or distribute electric energy or obtain fuel sources and may significantly slow growth, or cause a decline, in the economy within our service territories, which could adversely impact our financial condition and results of operations. In addition, the cost of repairing damage to our generating facilities and infrastructure due to acts of terrorism, and the loss of revenue if such events prevent us from providing utility service to our customers, could adversely impact our financial condition and results of operations.

Energy industry changes could have a negative effect on our businesses - As a public utility company with significant utility assets, we conduct our utility operations in a regulated business environment. The advent of new and unregulated markets has the potential to significantly impact our financial condition and results of operations. The evolution of the wholesale and transmission markets has the potential to significantly increase costs of transmission, costs associated with inefficient generation dispatching, costs of participation in the new markets and costs stemming from estimated payment settlements. Competitive pressures, including advances in technology that reduce the costs of alternative methods of producing electric energy to a level that is competitive with that of current electric production methods, could result in our utilities losing market share and customers and incurring stranded costs (i.e., assets and other costs rendered unrecoverable through customer rates as a result of competitive pricing), which would be borne by our shareowners. Increased competition from any restructuring efforts in our primary retail electric service territories may have a significant adverse impact on our financial condition and results of operations.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

IPL - IPL’s electric generating facilities at Dec. 31, 2009, were as follows. Generating capacity is based upon the unforced capacity of the generating stations included in MISO’s resource adequacy process for the planning period from June 2009 to May 2010.

	No.	Primary	Primary	Generating

Name of Generating Facility	Location	# of Units	In-service Dates	Fuel Type	Dispatch Type (a)	Capacity in MW
Ottumwa Generating Station	Ottumwa, IA	1	1981	Coal	BL	299(b)
Lansing Generating Station Units 3, 4	Lansing, IA	2	1957-1977	Coal	BL	260
M. L. Kapp Generating Station Unit 2	Clinton, IA	1	1967	Coal	BL	181
Burlington Generating Station	Burlington, IA	1	1968	Coal	BL	174
Prairie Creek Generating Station	Cedar Rapids, IA	4	1951-1997	Coal	BL	165
George Neal Generating Station Unit 4	Sioux City, IA	1	1979	Coal	BL	152(c)
Sutherland Generating Station	Marshalltown, IA	3	1955-1961	Coal	BL	135
George Neal Generating Station Unit 3	Sioux City, IA	1	1975	Coal	BL	133(d)
Dubuque Generating Station Units 2, 3, 4	Dubuque, IA	3	1929-1959	Coal	IN	63
Louisa Generating Station Unit 1	Louisa, IA	1	1983	Coal	BL	28(e)
Sixth Street Generating Station	Cedar Rapids, IA	4	1930-1950	Coal	BL	--(f)
Total Coal						1,590
Emery Generating Station	Mason City, IA	3	2004	Gas	IN	587
Fox Lake Generating Station Units 1, 3	Sherburn, MN	2	1950-1962	Gas	PK	80
Burlington Combustion Turbines	Burlington, IA	4	1994-1996	Gas	PK	53
Grinnell Generating Station	Grinnell, IA	2	1990-1991	Gas	PK	44
Agency Street Combustion Turbines	West Burlington, IA	4	1990-1992	Gas	PK	38
Red Cedar Combustion Turbine	Cedar Rapids, IA	1	1996	Gas	PK	20
Total Gas						822
Marshalltown Combustion Turbines	Marshalltown, IA	3	1978	Oil	PK	153
Lime Creek Plant Combustion Turbines	Mason City, IA	2	1991	Oil	PK	62
Centerville Combustion Turbines	Centerville, IA	2	1990	Oil	PK	43
Montgomery Combustion Turbine	Montgomery, MN	1	1974	Oil	PK	19
Diesel Stations	Iowa and Minnesota	9	1963-1996	Oil	PK	15
Total Oil						292

Whispering Willow - East	Franklin Co., IA	121	2009	Wind	IN	40 (g)	
Total Wind							40
Total generating capacity							2,744

(a) Baseload units (BL) are designed for nearly continuous operation at or near full capacity to provide the system base load.
Intermediate units (IN) follow system load changes with frequent starts and curtailments of output during low demand.
Peaking units (PK) are generally low efficiency, quick response units run only when there is high demand.
(b) Represents IPL's 48% ownership interest in this 623 MW generating station, which is operated by IPL.
(c) Represents IPL's 25.695% ownership interest in this 591 MW generating station, which is operated by MidAmerican Energy Company (MidAmerican).
(d) Represents IPL's 28% ownership interest in this 474 MW generating station, which is operated by MidAmerican.
(e) Represents IPL's 4% ownership interest in this 698 MW generating station, which is operated by MidAmerican.
(f) The Sixth Street Generating Station remains shutdown since June 2008 as a result of damage caused by severe flooding.
(g) Represents 20% of the capacity of this 200 MW wind project based upon the MISO resource adequacy process for other wind projects during the planning period from June 2009 to May 2010.

At Dec. 31, 2009, IPL owned approximately 19,868 miles of overhead electric distribution line and 2,532 miles of underground electric distribution cable, as well as 719 distribution substations substantially all located in Iowa and Minnesota. IPL sold its electric transmission assets in 2007. IPL's gas properties consist primarily of mains and services, meters, regulating and gate stations and other related distribution equipment. At Dec. 31, 2009, IPL's gas distribution facilities included approximately 5,010 and 235 miles of gas mains located in Iowa and Minnesota, respectively. IPL's other property included in "Other plant in service" on its Consolidated Balance Sheets consists primarily of operating and storeroom facilities, vehicles, computer hardware and software, communication equipment and other miscellaneous tools and equipment. IPL's properties, with the exception of the Sixth Street Generating Station, are suitable for their intended use.

WPL - WPL's electric generating facilities at Dec. 31, 2009, were as follows. Generating capacity is based upon the unforced capacity of the generating stations included in MISO's resource adequacy process for the planning period from June 2009 to May 2010.

Name of Generating Facility	Location	No. of Units	In-service Dates	Primary Fuel Type	Primary Dispatch Type (a)	Generating Capacity in MW	
Columbia Energy Center	Portage, WI	2	1975-1978	Coal	BL	448(b)	
Edgewater Generating Station Unit 5	Sheboygan, WI	1	1985	Coal	BL	294(c)	
Edgewater Generating Station Unit 4	Sheboygan, WI	1	1969	Coal	BL	223(d)	
Nelson Dewey Generating Station	Cassville, WI	2	1959-1962	Coal	IN	195	
Edgewater Generating Station Unit 3	Sheboygan, WI	1	1951	Coal	IN	71	
Total Coal							1,231

Neenah Energy Facility	Neenah, WI	2	2000	Gas	PK	294	
South Fond du Lac Combustion Turbines	Fond du Lac, WI	2	1994	Gas	PK	163	
Rock River Combustion Turbines	Beloit, WI	4	1967-1972	Gas	PK	148	
Sheepskin Combustion Turbine	Edgerton, WI	1	1971	Gas	PK	23	
Total Gas							628
Cedar Ridge	Fond du Lac Co., WI	41	2008	Wind	IN	14(e)	
Total Wind							14
Prairie du Sac Hydro Plant	Prairie du Sac, WI	8	1914-1940	Hydro	IN	19	
Kilbourn Hydro Plant	Wisconsin Dells, WI	4	1926-1939	Hydro	IN	8	
Total Hydro							27
Total generating capacity							1,900

(a) Baseload units (BL) are designed for nearly continuous operation at or near full capacity to provide the system base load.
Intermediate units (IN) follow system load changes with frequent starts and curtailments of output during low demand.
Peaking units (PK) are generally low efficiency, quick response units run only when there is high demand.
(b) Represents WPL's 46.2% ownership interest in this 970 MW generating station, which is operated by WPL.
(c) Represents WPL's 75% ownership interest in this 392 MW generating station, which is operated by WPL.
(d) Represents WPL's 68.2% ownership interest in this 328 MW generating station, which is operated by WPL.
(e) Represents 20% of the capacity of this 68 MW wind project as prescribed by the MISO resource adequacy process for wind projects during the planning period from June 2009 to May 2010.

At Dec. 31, 2009, WPL owned approximately 16,722 miles of overhead electric distribution line and 4,378 miles of underground electric distribution cable, as well as 240 distribution substations, all located in Wisconsin. In 2001, WPL's electric transmission assets were transferred to ATC. WPL's gas properties consist primarily of mains and services, meters, regulating and gate stations and other related distribution equipment. At Dec. 31, 2009, WPL's gas distribution facilities included approximately 3,945 miles of gas mains located in Wisconsin. In 2009 and 2008, WPL installed over 560,000 advanced metering infrastructure (AMI) electric meters and gas modules in its service territory. WPL currently plans to complete the installation of AMI by the end of 2010. WPL's other property included in "Other plant in service" on its Consolidated Balance Sheets consists primarily of operating and storeroom facilities, vehicles, computer hardware and software, communication equipment and other miscellaneous tools and equipment. WPL's properties are suitable for their intended use. Refer to Note 3(b) of WPL's "Notes to Consolidated Financial Statements" for information regarding WPL's lease of the Sheboygan Falls Energy Facility from Resources' Non-regulated Generation business.

Refer to "Strategic Overview - Utility Generation Plans" in MDA for discussion of IPL's and WPL's utility generation plans and future plans for AMI installation.

Resources - Resources' principal properties included in "Property, plant and equipment - Non-regulated and other" on Alliant Energy's Consolidated Balance Sheet at Dec. 31, 2009 were as follows:

Non-regulated Generation - includes a 300 MW, simple-cycle, natural gas-fired facility near Sheboygan Falls, Wisconsin that is leased to WPL. In addition, Non-regulated Generation also owns several small standby generators, at multiple sites, with an aggregate capacity of 84 MW.

Transportation - includes a short-line railway in Iowa with 112 railroad track miles, 13 active locomotives and 122 railcars; and a barge terminal on the Mississippi River.

Other non-regulated investments - includes two corporate airplanes and real estate investments.

Corporate Services
Corporate Services' property included in "Property, plant and equipment - Non-regulated and other" on Alliant Energy's Consolidated Balance Sheet at Dec. 31, 2009 consisted primarily of computer software.

ITEM 3. LEGAL PROCEEDINGS

Alliant Energy -
Shareowner Derivative Complaint - On Feb. 27, 2009, a purported shareowner filed in the Circuit Court for Dane County, Wisconsin, a derivative complaint against certain current and former officers and directors of Alliant Energy alleging that such officers and directors breached their fiduciary duties by approving sales of assets of Resources in violation of the Indenture with respect to the Exchangeable Senior Notes due 2030 and wasting Alliant Energy's assets by compensating such officers and directors in connection with such sales. Alliant Energy believes the derivative complaint is without merit and intends to vigorously defend against this litigation. The purported shareowner had previously made a demand asking the Board of Directors to take action to remedy the alleged breaches of fiduciary duties by certain officers and directors. Under Wisconsin law, if a shareowner commences a derivative proceeding after making such a demand, the court must dismiss such a derivative proceeding if a committee of independent directors appointed by independent directors determines, acting in good faith after conducting a reasonable inquiry upon which its conclusions are based, that maintenance of the derivative proceeding is not in the best interests of the corporation. The independent directors of Alliant Energy appointed such a special litigation committee of independent directors, which conducted an inquiry into the allegations made in the demand from the purported shareowner and in a report delivered to Alliant Energy determined that maintenance of the derivative proceeding is not in the best interests of Alliant Energy. Based on that report, on Sep. 14, 2009, Alliant Energy filed a motion to dismiss the derivative proceeding in the Circuit Court for Dane County, Wisconsin.

IPL - None.

WPL -
Air Permitting Violation Claims - In October 2009, WPL, as an owner and the operator of the Nelson Dewey Generating Station (Nelson Dewey) and the Columbia Energy Center (Columbia), received from Sierra Club a notice of intent to file a civil lawsuit (NOI) based on allegations that modifications were made at those facilities without complying with the Prevention of Significant Deterioration (PSD) program requirements, Title V Operating Permit requirements of the CAA and state regulatory counterparts contained within the Wisconsin State Implementation Plan (SIP) designed to implement the CAA. In December 2009, WPL received from Sierra Club a separate NOI, which contained similar allegations regarding the Edgewater Generating Station (Edgewater). The NOIs allege that various projects performed at Nelson Dewey, Columbia and Edgewater in years past were major modifications, as defined in the CAA, and that the owners violated the CAA when they undertook those projects without obtaining permits and installing the best available emission controls for SO2, NOx and particulate matter. In the Edgewater NOI, additional allegations were made regarding violations of emission limits for visible emissions.

In December 2009, the EPA sent a Notice of Violation (NOV) to WPL as an owner and the operator of Nelson Dewey, Columbia and Edgewater. The NOV alleges that the owners failed to comply with appropriate pre-construction review and permitting requirements and as a result violated the PSD program requirements, Title V Operating Permit requirements of the CAA and the SIP.

If pursued successfully by the EPA and/or the Sierra Club, these actions could result in civil penalties in amounts of up to $37,500 per day for each violation and/or injunctive relief to require installation of pollution control technology at Nelson Dewey, Columbia and Edgewater, which would increase future capital and operating expenditures of Alliant Energy and WPL. Alliant Energy and WPL are currently reviewing the allegations and are unable to predict the impact of the allegations on their financial conditions or results of operations, but believe that an adverse outcome could be significant. WPL and the other owners of Columbia and Edgewater are exploring settlement options with each of the EPA and Sierra Club while simultaneously defending against these actions. WPL believes the projects at Nelson Dewey, Columbia and Edgewater were routine or not projected to increase emissions therefore did not violate the permitting requirements of the CAA.

In addition to any legal proceedings discussed in Alliant Energy's, IPL's and WPL's reports to the SEC, Alliant Energy, IPL and WPL are currently, and from time to time, subject to claims and suits arising in the ordinary course of business. Although the results of these legal proceedings cannot be predicted with certainty, management believes that the ultimate resolution of these proceedings will not have a material adverse effect on Alliant Energy's, IPL's or WPL's financial condition or results of operations.

Environmental Matters

Additional information required by Item 3 with regards to environmental matters is included in "C. Information Relating to Utility Operations - Electric Utility Operations" in Item 1 Business, "Environmental Matters" and "Legislative Matters" in MDA and Note 12(e) of Alliant Energy's "Notes to Consolidated Financial Statements," which information is incorporated herein by reference.

Rate Matters

The information required by Item 3 with regards to rate matters is included in "B. Information Relating to Alliant Energy on a Consolidated Basis - Regulation" and "C. Information Relating to Utility Operations" in Item 1 Business, Notes 1(b), 1(h) and 2 of Alliant Energy's "Notes to Consolidated Financial Statements" and "Rate Matters" in MDA, which information is incorporated herein by reference.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

EXECUTIVE OFFICERS OF THE REGISTRANTS

None of the executive officers for Alliant Energy, IPL or WPL listed below are related to any member of the Board of Directors or nominee for director or any other executive officer. All of the executive officers have no definite terms of office and serve at the pleasure of the Board of Directors. The executive officers of Alliant Energy, IPL and WPL as of the date of this filing are as follows (numbers following the names represent the officer's age as of Dec. 31, 2009):

Executive Officers of Alliant Energy

William D. Harvey, 60, was elected Chairman of the Board effective February 2006 and President and Chief Executive Officer (CEO) effective July 2005 and has been a board member since January 2005. He previously served

as President and Chief Operating Officer (COO) from January 2004 to July 2005.
Patricia L. Kampling, 50, was elected Executive Vice President (EVP)-Chief Financial Officer (CFO) and Treasurer effective January 2010. She previously served as Vice President (VP)-CFO and Treasurer since January 2009, as VP and Treasurer from January 2007 to January 2009 and as VP-Finance from August 2005 to January 2007. From September 2004 to August 2005, she served as Treasurer of IPSCO Inc.
Barbara J. Swan, 58, was elected EVP-General Counsel and Chief Administrative Officer (CAE) effective January 2009. She previously served as EVP and General Counsel since October 1998.
Thomas L. Aller, 60, was elected Senior VP-Energy Resource Development effective January 2009. He previously served as Senior VP-Energy Delivery since January 2004.
Dundeana K. Doyle, 51, was elected Senior VP-Energy Delivery effective January 2009. She previously served as VP-Strategy and Regulatory Affairs since January 2007 and as VP-Strategy and Risk from May 2003 to January 2007.
John O. Larsen, 46, was elected Senior VP-Generation effective January 2010. He previously served as VP-Generation since August 2008 and as VP-Technical and Integrated Services from January 2004 to August 2008.
Thomas L. Hanson, 56, was elected VP-Controller and Chief Accounting Officer (CAO) effective January 2007. He previously served as VP and Treasurer since April 2002.

Executive Officers of IPL
William D. Harvey, 60, was elected Chairman of the Board effective February 2006 and CEO effective July 2005 and has been a board member since January 2005. He previously served as COO since 2004.
Thomas L. Aller, 60, was elected President effective January 2004.
Patricia L. Kampling, 50, was elected EVP-CFO and Treasurer effective January 2010.
Barbara J. Swan, 58, was elected EVP-General Counsel and CAE effective January 2009.
Dundeana K. Doyle, 51, was elected Senior VP-Energy Delivery effective January 2009.
John O. Larsen, 46, was elected Senior VP-Generation effective January 2010.
Thomas L. Hanson, 56, was elected VP-Controller and CAO effective January 2007.

Executive Officers of WPL
William D. Harvey, 60, was elected Chairman of the Board effective February 2006 and CEO effective July 2005 and has been a board member since January 2005. He previously served as COO since 2004.
Barbara J. Swan, 58, was elected President effective January 2004.
Patricia L. Kampling, 50, was elected EVP-CFO and Treasurer effective January 2010.
Thomas L. Aller, 60, was elected Senior VP-Energy Resource Development effective January 2009.
Dundeana K. Doyle, 51, was elected Senior VP-Energy Delivery effective January 2009.
John O. Larsen, 46, was elected Senior VP-Generation effective January 2010.
Thomas L. Hanson, 56, was elected VP-Controller and CAO effective January 2007.

PART II

ITEM 5. MARKET FOR REGISTRANTS' COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Stock Price - Alliant Energy's common stock trades on the New York Stock Exchange under the symbol "LNT." Quarterly sales price ranges and dividends with respect to Alliant Energy's common stock were as follows:

	2009			2008		
Quarter	High	Low	Dividend	High	Low	Dividend
First	$30.50	$20.31	$0.375	$42.37	$34.00	$0.35
Second	26.26	22.08	0.375	38.88	33.50	0.35

Third	28.78	24.73	0.375	35.60	31.19	0.35
Fourth	31.53	26.08	0.375	32.86	22.80	0.35
Year	31.53	20.31	1.50	42.37	22.80	1.40

Stock closing price at Dec. 31, 2009: $30.26

Shareowners - At Dec. 31, 2009, there were approximately 37,480 holders of record of Alliant Energy's common stock, including holders through Alliant Energy's Shareowner Direct Plan. Alliant Energy is the sole common shareowner of all 13,370,788 and 13,236,601 shares of IPL and WPL common stock, respectively, currently outstanding.

Dividends - Alliant Energy does not have any significant common stock dividend restrictions. Although Alliant Energy's practice has been to pay cash dividends on its common stock quarterly, the timing of payment and amount of future dividends are necessarily dependent upon future earnings, capital requirements, general financial conditions, general business conditions, the ability of Alliant Energy's subsidiaries to pay dividends, approval from its Board of Directors and other factors. In January 2010, Alliant Energy announced an increase in its expected 2010 annual common stock dividend to $1.58 per share, which is equivalent to a quarterly rate of $0.395 per share, beginning with the Feb. 12, 2010 dividend payment. Payment of future 2010 quarterly dividends is subject to the actual dividend declaration by Alliant Energy's Board of Directors.

Refer to Note 7(a) of Alliant Energy's "Notes to Consolidated Financial Statements" for information about IPL's and WPL's dividend restrictions and limitations on distributions to their parent company.

Common Stock Repurchases - A summary of Alliant Energy common stock repurchases for the quarter ended Dec. 31, 2009 was as follows:

Period	Total Number of Shares Purchased (a)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan	Maximum Number (or Approximate Dollar Value) of Shares That May Yet Be Purchased Under the Plan (a)
Oct. 1 to Oct. 31	252	$ 27.02	--	N/A
Nov. 1 to Nov. 30	3,701	27.61	--	N/A
Dec. 1 to Dec. 31	356	30.71	--	N/A
Total	4,309	27.83	--	

(a) All shares were purchased on the open market and held in a rabbi trust under the Alliant Energy Deferred Compensation Plan (DCP). There is no limit on the number of shares of Alliant Energy common stock that may be held under the DCP, which currently does not have an expiration date.

ITEM 6. SELECTED FINANCIAL DATA

Alliant Energy

Financial Information	2009 (a)	2008 (a)	2007 (a)	2006	2005
		(dollars in millions, except per share data)			
Income Statement Data:					

Operating revenues	$ 3,432.8	$ 3,681.7	$ 3,437.6	$ 3,359.4	$ 3,279.6
Income from continuing operations, net of tax	129.4	298.7	443.4	357.0	75.1
Income (loss) from discontinued operations, net of tax	0.3	8.0	0.6	(22.6)	(64.1)
Net income	129.7	306.7	444.0	334.4	11.0
Amounts attributable to Alliant Energy common shareowners:					
Income from continuing operations, net of tax	110.7	280.0	424.7	338.3	56.4
Income (loss) from discontinued operations, net of tax	0.3	8.0	0.6	(22.6)	(64.1)
Net income (loss)	111.0	288.0	425.3	315.7	(7.7)
Common Stock Data:					
Earnings per weighted average common share attributable to Alliant Energy common shareowners (basic):					
Income from continuing operations, net of tax	$ 1.01	$ 2.54	$ 3.78	$ 2.90	$ 0.48
Income (loss) from discontinued operations, net of tax	$ -	$ 0.07	$ 0.01	$ (0.20)	$ (0.55)
Net income (loss)	$ 1.01	$ 2.61	$ 3.79	$ 2.70	$ (0.07)
Earnings per weighted average common share attributable to Alliant Energy common shareowners (diluted):					
Income from continuing operations, net of tax	$ 1.01	$ 2.54	$ 3.77	$ 2.89	$ 0.48
Income (loss) from discontinued operations, net of tax	$ -	$ 0.07	$ 0.01	$ (0.20)	$ (0.55)
Net income (loss)	$ 1.01	$ 2.61	$ 3.78	$ 2.69	$ (0.07)
Common shares outstanding at year-end (000s)	110,656	110,449	110,359	116,127	117,036
Dividends declared per common share	$ 1.50	$ 1.40	$ 1.27	$ 1.15	$ 1.05
Market value per share at year-end	$ 30.26	$ 29.18	$ 40.69	$ 37.77	$ 28.04
Book value per share at year-end	$ 25.06	$ 25.56	$ 24.30	$ 22.83	$ 20.85
Market capitalization at year-end	$ 3,348.5	$ 3,222.9	$ 4,490.5	$ 4,386.1	$ 3,281.7
Other Selected Financial Data:					
Cash flows from operating activities	$ 657.1	$ 338.2	$ 607.5	$ 422.0	$ 584.1

Construction and acquisition expenditures	$	1,202.6		$	879.0		$	542.0		$ 399.0		$ 538.1	
Total assets at year-end	$	9,036.0		$	8,201.5		$	7,189.7		$ 7,084.1		$ 7,733.1	
Long-term obligations, net	$	2,512.2		$	1,887.1		$	1,547.1		$ 1,520.7		$ 2,147.0	
Times interest earned before income taxes (b)		1.78	X		4.49	X		6.99	X	4.84	X	1.13	X
Capitalization ratios:													
Common equity		49	%		56	%		59	%	58	%	48	%
Preferred stock		4	%		5	%		5	%	5	%	5	%
Long- and short-term debt		47	%		39	%		36	%	37	%	47	%
Total		100	%		100	%		100	%	100	%	100	%

(a) Refer to "Alliant Energy's Results of Operations" in MDA for discussion of the 2009, 2008 and 2007 results of operations.
(b) Represents the sum of income from continuing operations before income taxes plus interest expense, divided by interest expense. The calculation does not consider the "Loss on early extinguishment of debt" that Alliant Energy has incurred as part of interest expense.

IPL	2009 (a)	2008 (a)	2007 (a)	2006	2005
			(in millions)		
Operating revenues	$1,708.0	$1,758.0	$1,695.9	$1,754.8	$1,681.7
Earnings available for common stock	137.6	126.2	274.9	157.0	149.7
Cash dividends declared on common stock	--	29.1	609.9	219.8	109.9
Cash flows from operating activities	373.2	113.7	257.4	272.2	332.0
Total assets	4,892.2	4,210.9	3,362.0	3,628.6	3,976.6
Long-term obligations, net	1,160.9	996.8	765.4	895.0	993.4

(a) Refer to “IPL’s Results of Operations” in MDA for a discussion of the 2009, 2008 and 2007 results of operations.

Alliant Energy is the sole common shareowner of all 13,370,788 shares of IPL’s common stock outstanding. As such, earnings per share data is not disclosed herein.

WPL	2009 (a)	2008 (a)	2007 (a)	2006	2005
			(in millions)		
Operating revenues	$1,386.1	$1,465.8	$1,416.8	$1,401.3	$1,409.6
Earnings available for common stock	86.2	115.1	110.2	102.0	101.8
Cash dividends declared on common stock	91.0	91.3	191.1	92.2	89.8
Cash flows from operating activities	305.8	239.7	258.0	162.6	176.6
Total assets	3,681.4	3,265.5	2,788.6	2,699.1	2,667.6
Long-term obligations, net	1,146.3	899.0	715.7	524.5	526.4

(a) Refer to "WPL's Results of Operations" in MDA for a discussion of the 2009, 2008 and 2007 results of operations.

Alliant Energy is the sole common shareowner of all 13,236,601 shares of WPL's common stock outstanding. As such, earnings per share data is not disclosed herein.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (MDA)

This MDA includes information relating to Alliant Energy Corporation (Alliant Energy), Interstate Power and Light Company (IPL) and Wisconsin Power and Light Company (WPL), as well as Alliant Energy Resources, LLC (Resources) and Alliant Energy Corporate Services, Inc. (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 Consolidated Financial Statements and Notes to Consolidated Financial Statements included in this report. Unless otherwise noted, all "per share" references in MDA refer to earnings per diluted share.

CONTENTS OF MDA

Alliant Energy's, IPL's and WPL's MDA consists of the following information:

EXECUTIVE SUMMARY

Description of Business

General - Alliant Energy is an investor-owned public utility holding company whose primary subsidiaries are IPL, WPL, Resources and Corporate Services. IPL is a public utility engaged principally in the generation and distribution of electric energy and the distribution and transportation of natural gas in selective markets in Iowa and southern Minnesota. WPL is a public utility engaged principally in the generation and distribution of electric energy and the distribution and transportation of natural gas in selective markets in southern and central Wisconsin. WPL also owns an approximate 16% interest in the American Transmission Company LLC (ATC), a transmission-only utility operating in Wisconsin, Michigan, Illinois and Minnesota. Resources is the parent company for Alliant Energy's non-regulated businesses. Corporate Services provides administrative services to Alliant Energy and its subsidiaries. An illustration of Alliant Energy's primary businesses is shown below.

Alliant Energy

Utility	Non-regulated (Resources)	Parent and Other
- IPL (Utility services in IA & MN)	- RMT (including WindConnect®)	- Parent Company
- WPL (Utility services in WI)	- Transportation	- Corporate Services
- WPL's interest in ATC	- Non-regulated Generation	

Utility Business - IPL and WPL own a portfolio of electric generating facilities located in Iowa, Wisconsin and Minnesota with a diversified fuel mix including coal, natural gas and renewable resources. The output from these generating facilities, supplemented with purchased power, is used to provide electric service to approximately 1 million electric customers in the upper Midwest. The utility business also procures natural gas from various suppliers to provide service to approximately 412,000 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 utility business are sensitive to various external factors including, but not limited to, the amount and timing of rate relief approved by regulatory authorities, the impact of weather and economic conditions on electric and gas sales volumes and other factors listed in "Risk Factors" in Item 1A and "Forward-looking Statements."

Non-regulated Businesses - Resources manages various businesses including RMT (environmental, consulting, engineering and renewable energy services), Transportation (short-line railway and barge transportation services), Non-regulated Generation (electric generating facilities management), and several other modest investments.

Parent and Other - includes operations of Alliant Energy (parent holding company) and Corporate Services.

Financial Results
Alliant Energy's earnings per weighted average common share (EPS) attributable to Alliant Energy common shareowners for 2009 and 2008 were as follows:

	2009	2008
Income from continuing operations	$1.01	$2.54
Income from discontinued operations	--	0.07
Net income	$1.01	$2.61

Additional details regarding Alliant Energy's net income and EPS attributable to Alliant Energy common shareowners were as follows (in millions):

	2009		2008	
Continuing operations:	Net Income	EPS	Net Income	EPS
Utility	$223.8	$2.03	$241.3	$2.19
Non-regulated (Resources)	10.5	0.10	29.3	0.27
Parent company and other	(123.6)	(1.12)	9.4	0.08
Income from continuing operations	110.7	1.01	280.0	2.54
Income from discontinued operations	0.3	--	8.0	0.07
Net income	$111.0	$1.01	$288.0	$2.61

The table above includes utility, non-regulated and parent earnings (losses) per share from continuing operations, which are non-GAAP (accounting principles generally accepted in the United States of America (U.S.)) financial measures. Alliant Energy believes utility, non-regulated and parent earnings (losses) per share from continuing operations 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 management also uses utility earnings per share from continuing operations to determine incentive compensation.

Utility Business - Lower income from continuing operations in 2009 compared to 2008 was primarily due to:

- higher transmission service and pension costs at IPL;
- lower electric sales demand resulting from historically cool weather during the summer of 2009;
- higher depreciation and interest expense as a result of planned capital expenditures;
- lower electric sales demand from industrial customers resulting from unfavorable economic conditions in 2009;
- $0.11 per share of income tax benefits recognized in 2008 related to a U.S. federal income tax audit;
- $0.10 per share of charges incurred in 2009 for proposed coal plants; and
- $0.07 per share of restructuring costs incurred in 2009 related to the elimination of certain corporate and operations positions.

These items were partially offset by:

- $0.32 per share of state income tax benefits in 2009 related to combined reporting for corporate income taxation in Wisconsin enacted in 2009 and a decision by management to allow WPL to do business in Iowa;
- higher electric revenues at IPL resulting from an interim retail electric rate increase effective March 2009;
- impacts on margins and expenses from the severe Midwest flooding in 2008;
- impacts of cost saving initiatives implemented in 2009;
- allowance for funds used during construction (AFUDC) for IPL's Whispering Willow - East wind project in 2009; and
- $0.04 per share of regulatory-related credits in 2009 for the recovery of 2008 flood costs.

Non-regulated Businesses - Lower income from continuing operations in 2009 compared to 2008 was primarily due to:

- lower earnings at RMT resulting from reduced construction activity for wind projects; and
- $0.05 per share of state income tax expense in 2009 related to combined reporting for corporate income taxation in Wisconsin enacted in 2009.

Parent and Other - Lower income from continuing operations in 2009 compared to 2008 was primarily due to:

- a $1.16 per share loss incurred in 2009 on the early extinguishment of Alliant Energy's Exchangeable Senior Notes due 2030; and
- lower interest income caused by lower average balances of cash and cash equivalents and lower interest rates on money market fund investments.

These items were partially offset by $0.09 per share of state income tax benefits in 2009 related to combined reporting for corporate income taxation in Wisconsin enacted in 2009.

Refer to "Alliant Energy's Results of Operations," "IPL's Results of Operations" and "WPL's Results of Operations" for additional details regarding the various factors impacting their respective earnings during 2009, 2008 and 2007.

Strategic Overview

The strategic plans for Alliant Energy, IPL and WPL focus on investments in new wind generation to meet customer demand and renewable portfolio standards, emission controls at their existing fleet of electric generating facilities to meet environmental regulations and energy efficiency programs. Key strategic plan developments impacting Alliant

Energy, IPL and WPL during 2009 include:

- March 2009 - WPL acquired approximately 400 megawatts (MW) of wind site capacity in Freeborn County, Minnesota and the development rights for an approximately 100 MW wind project site near Green Lake, Wisconsin. WPL plans to use 200 MW of the capacity from the wind project site in Freeborn County, Minnesota for its Bent Tree - Phase I wind project.
- April 2009 - WPL and its co-owners filed a certificate of authority with the Public Service Commission of Wisconsin (PSCW) to install emission controls at the Columbia Energy Center (Columbia) to reduce sulfur dioxide (SO2) and mercury emissions.
- June 2009 - WPL acquired the Neenah Energy Facility and related assets from Resources for $92 million.
- July 2009 - WPL received an order from the PSCW approving construction of the 200 MW Bent Tree -Phase I wind project.
- October 2009 - WPL received an order from the Minnesota Public Utilities Commission (MPUC) approving the Site Permit and Certificate of Need applications for the 200 MW Bent Tree - Phase I wind project.
- December 2009 - IPL's 200 MW Whispering Willow - East wind project located in Franklin County, Iowa was fully commercially operational.
- December 2009 - WPL and Wisconsin Electric Power Company (WEPCO) entered into a contingent agreement for WPL to purchase WEPCO's 25% ownership interest in Edgewater Generating Station Unit 5 (Edgewater Unit 5).
- December 2009 - As of Dec. 31, 2009, WPL had completed approximately 90% of its Advanced Metering Infrastructure (AMI) by installing over 560,000 AMI electric meters and gas modules in its service territory.

Refer to "Strategic Overview" for additional details regarding these and other strategic plan developments.

Rate Matters

Alliant Energy's utility subsidiaries, IPL and WPL, are subject to federal regulation by the Federal Energy Regulatory Commission (FERC), which has jurisdiction over wholesale electric rates, and state regulation in Iowa, Wisconsin and Minnesota for retail utility rates and standards of service. Key regulatory developments impacting Alliant Energy, IPL and WPL during 2009 and early 2010 include:

- March 2009 - IPL implemented an interim retail electric rate increase for its Iowa retail customers equivalent to approximately $84 million on an annual basis.
- September 2009 - The PSCW set WPL's retail electric fuel rates currently in effect subject to refund beginning Sep. 1, 2009 as a result of lower than expected fuel costs incurred by WPL. In January 2010, WPL filed a retail electric fuel refund report indicating retail fuel over collections of $4 million for the final four months of 2009.
- November 2009 - Legislation (2009 Assembly Bill 600) was introduced in Wisconsin to change statutes related to the process by which utilities recover electric fuel-related costs from their retail electric customers.
- December 2009 - WPL received an order from the PSCW authorizing an annual retail electric rate increase of $59 million, or approximately 6%, and an annual retail natural gas rate increase of $6 million, or approximately 2%, effective January 2010. The order also authorized WPL to recover a portion of the previously deferred costs for the cancelled Nelson Dewey #3 project and certain deferred benefits costs incurred by WPL in 2009.
- January 2010 - IPL received an order from the Iowa Utilities Board (IUB) authorizing a final annual retail electric rate increase of $84 million, or approximately 7%, plus the use of a portion of IPL's regulatory liabilities to offset costs related to the cancelled Sutherland #4 project and future transmission service costs. The order also authorized IPL to recover $8 million of flood-related costs incurred in 2008. Lastly, the IUB deferred the decision on IPL's proposal to implement an automatic cost recovery rider for transmission costs until IPL's next rate case.

Refer to "Rate Matters" for additional details regarding these and other regulatory developments, including plans to file retail rate cases in Iowa, Wisconsin and Minnesota in the first half of 2010.

Environmental Matters -

Alliant Energy, IPL and WPL are subject to regulation of environmental matters by various federal, state and local authorities. Key environmental developments during 2009 and early 2010 that may impact Alliant Energy, IPL and WPL include:

- April 2009 - The U.S. Supreme Court granted the U.S. Environmental Protection Agency (EPA) authority to use a cost-benefit analysis when setting technology-based requirements under Section 316(b) of the Federal Clean Water Act (Section 316(b)). A revised Section 316(b) rule reflecting the U.S. Supreme Court's decision is anticipated to be proposed by the EPA in 2010.
- October 2009 - The EPA published the proposed greenhouse gas (GHG) Tailoring rule, which could require large industrial facilities to obtain permits that demonstrate use of Best Available Control Technologies (BACT) and energy efficiency measures to minimize GHG emissions when facilities are constructed or significantly modified.
- October 2009 - WPL received from the Sierra Club a notice of intent to file a civil lawsuit (NOI) based on allegations that modifications were made at the Nelson Dewey Generating Station (Nelson Dewey) and Columbia without complying with air permitting requirements. In December 2009, the Sierra Club sent a separate NOI to WPL containing similar allegations regarding the Edgewater Generating Station (Edgewater). WPL and the other owners of Columbia and Edgewater are exploring settlement options with the Sierra Club while simultaneously defending against these actions.
- November 2009 - The EPA issued a final rule staying the application of the Clean Air Interstate Rule (CAIR) annual SO2 and nitrogen oxide (NOx) programs for Minnesota.
- December 2009 - The EPA's Mandatory GHG Reporting rule became effective, which requires electric utilities, among other companies, to monitor and report annual levels of GHG emissions beginning with calendar year 2010.
- December 2009 - The EPA published a proposed rule that would establish a new one-hour National Ambient Air Quality Standard (NAAQS) for SO2 and associated monitoring requirements. The final standard is expected by June 2010 and final designations of non-attainment areas are expected to be issued by June 2012.
- December 2009 - The EPA sent a Notice of Violation (NOV) to WPL as an owner and the operator of Nelson Dewey, Columbia and Edgewater. The NOV alleges that the owners failed to comply with appropriate pre-construction review and permitting requirements. WPL and the other owners of Columbia and Edgewater are exploring settlement options with the EPA while simultaneously defending against these actions.
- December 2009 - The EPA issued a final rule finding that concentrations of GHG emissions in the atmosphere threaten public health and welfare and that emissions from motor vehicles contribute to atmospheric concentrations of GHG emissions and hence to the threat of climate change.
- January 2010 - The Wisconsin Department of Natural Resources (DNR) issued a state thermal rule, subject to EPA approval, regulating the amount of heat that generating facilities can discharge into Wisconsin waters.
- January 2010 - The EPA issued a proposal to reduce the primary NAAQS standard for ozone and establish a new seasonal secondary standard for ozone. The final rule is expected to be issued by August 2010 and final designations of non-attainment areas are expected to be issued by August 2011.
- January 2010 - The EPA issued a final rule to strengthen the primary NAAQS for NOx as measured by nitrogen dioxide (NO2). The EPA expects to designate non-attainment areas for the new NO2 standard by January 2012.
- January 2010 - The EPA issued an information collection request for coal- and oil-fired electric utility steam generation units over 25 MW in order to develop a proposed Utility Maximum Available Control Technology (MACT) standard for the control of mercury and other federal hazardous air pollutants. The EPA is currently negotiating a consent decree that could require the agency to propose Utility MACT standards no later than March 2011 and promulgate final standards no later than November 2011.

Refer to "Environmental Matters" for additional details regarding these and other environmental developments.

Legislative Matters

Alliant Energy, IPL and WPL monitor various legislative developments, including climate change, tax-related and other matters. Key legislative developments impacting Alliant Energy, IPL and WPL during 2009 include:

- February 2009 - The American Recovery and Reinvestment Act of 2009 (ARRA) was enacted. The most significant provisions of the ARRA for Alliant Energy, IPL and WPL provide a one-year extension of the 50% bonus depreciation deduction for certain expenditures for property that is acquired or constructed in 2009, incentives for wind facilities placed in service by Dec. 31, 2012 and grants for qualifying investments that are expected to improve the electric grid and transportation infrastructure.
- February 2009 - The Wisconsin Senate Bill 62 (SB 62) was enacted. The most significant provision of SB 62 for Alliant Energy, IPL and WPL requires combined reporting for corporate income taxation in Wisconsin beginning with tax returns filed for the calendar year 2009.
- June 2009 - The U.S. House of Representatives (House) approved H.R. 2454. H.R. 2454 contains a proposed cap-and-trade GHG emissions reduction program.
- November / December 2009 - The House and the U.S. Senate passed different versions of proposed healthcare legislation. Both versions contain a provision that would eliminate the non-taxable status of the 28% subsidy provided to employers who continue prescription drug coverage for their retirees.
- December 2009 - The House approved H.R. 4173. The most significant provision of H.R. 4173 for Alliant Energy, IPL and WPL may require them to post large volumes of cash collateral related to their derivative instruments.

Refer to “Legislative Matters” for additional details regarding these and other legislative developments.

Liquidity and Capital Resources

Based on their current liquidity positions and capital structures, Alliant Energy, IPL and WPL believe they will be able to secure the additional capital required to implement their strategic plans and to meet their long-term contractual obligations. Key financing developments impacting Alliant Energy, IPL and WPL during 2009 and early 2010 include:

- June 2009 - IPL’s and WPL’s respective shelf registration statements became effective, which provided IPL and WPL the flexibility to offer up to an aggregate of $650 million and $700 million, respectively, of preferred stock and unsecured debt securities from June 2009 through June 2012.
- June 2009 - MPUC approved IPL’s annual capital structure filing, which provides authorization for IPL to issue debt securities during the 12 months ended June 30, 2010 as long as IPL maintains total capitalization (including short-term debt) below $3.11 billion and a common equity ratio between 41.3% and 50.5% during such period. The annual capital structure filing limits IPL’s short-term borrowings to a maximum of $300 million outstanding at any time during the 12 months ended June 30, 2010.
- July 2009 - WPL received authorization from the PSCW to issue long-term debt securities of no more than $350 million in 2010.
- July 2009 - IPL issued $300 million of 6.25% senior debentures due 2039 and WPL issued $250 million of 5% debentures due 2019. Proceeds from these issuances were used to repay short-term debt and invest in short-term assets.
    - August 2009 - IPL paid at maturity $135 million of its 6.625% senior debentures.
- September 2009 - Alliant Energy’s shelf registration became effective, which provides Alliant Energy flexibility to offer from time to time an unspecified amount of common stock, senior notes and other securities from September 2009 through September 2012.
- September 2009 - Alliant Energy announced a tender offer and consent solicitation for its Exchangeable Senior Notes due 2030 (Notes). In 2009, Alliant Energy repurchased 5,940,660 Notes for $241 million. As of Dec. 31, 2009, there were 300 Notes outstanding.
- October 2009 - Alliant Energy issued $250 million of 4% senior notes due 2014 and used the proceeds to repay a short-term loan used for the repurchase of the Notes and for general corporate purposes.
-

December 2009 - IPL received authorization from FERC to issue up to $900 million of long-term debt securities, $750 million of short-term debt securities and $200 million of preferred stock during 2010 and 2011.

- December 2009 - At Dec. 31, 2009, Alliant Energy and its subsidiaries had $433 million of available capacity under their revolving credit facilities and $175 million of cash and cash equivalents.
- January 2010 - Alliant Energy announced an increase in its expected annual common stock dividend from $1.50 per share to $1.58 per share, which is equivalent to a rate of $0.395 per share per quarter, beginning with the Feb. 12, 2010 dividend payment.

Refer to “Liquidity and Capital Resources” for additional details regarding these and other financing developments.

STRATEGIC OVERVIEW

Strategic Plan - Alliant Energy’s, IPL’s and WPL’s strategic plan focuses on the execution of their utility generation, environmental compliance and energy efficiency plans, while meeting or exceeding customers’ and regulators’ expectations regarding reliability, availability, customer service and community support. The utility generation, environmental compliance and energy efficiency plans reflect a balanced approach to meeting the needs of customers, shareowners and the environment and includes the following key components:

- Utility generation plans - include building or acquiring electric generating facilities to meet customer demand and renewable portfolio standards, reduce reliance on purchased power and mitigate any impacts of future plant retirements. Alliant Energy’s proposed new electric generating facilities have a diversified fuel mix and currently include wind projects in the Midwest and a natural gas-fired generating facility in Wisconsin. Alliant Energy, IPL and WPL believe a diversified fuel mix for new electric generating facilities is important to meeting the needs of their customers, shareowners and the environment while preparing for a potentially carbon-constrained environment in the future. Additional details of new electric generating facilities are included in “Utility Generation Plans” below.
- Environmental compliance plans - include implementing emission controls at IPL’s and WPL’s existing fleet of electric generating facilities to meet current and proposed environmental regulations issued by the EPA and state environmental agencies. After implementation, IPL’s and WPL’s new emission controls are expected to significantly reduce future emissions of NOx, SO2 and mercury at their generating facilities. Additional details regarding proposed new emission controls are included in “Environmental Compliance Plans” below.
- Energy efficiency programs - include implementing IPL’s Energy Efficiency Plan in Iowa, contributing to Wisconsin’s Focus on Energy program, continuing IPL’s and WPL’s Shared Savings programs in Minnesota and Wisconsin and installing AMI as a platform for Smart Grid initiatives in IPL’s and WPL’s utility service territories. Additional details of energy efficiency plans are included in “Energy Efficiency Programs” below.

The strategic plan for Alliant Energy’s non-regulated operations involves maintaining a portfolio of businesses that are accretive to earnings but not significant users of capital.

Utility Generation Plans - Alliant Energy, IPL and WPL review and update, as deemed necessary and in accordance with regulatory requirements, their utility generation plans. Alliant Energy, IPL and WPL are currently evaluating the types of capacity additions they will pursue to meet their customers’ long-term energy needs and are monitoring several related external factors that will influence those evaluations. Some of these external factors include regulatory decisions regarding proposed projects, changes in long-term projections of customer demand, availability and cost effectiveness of different generation technologies, market conditions for obtaining financing, developments related to federal and state renewable portfolio standards, environmental requirements for new generation, such as future carbon and renewable requirements and federal and state tax incentives. The following provides details of two generation projects within the Utility Generation Plans that were completed during 2009.

Whispering Willow - East - In the fourth quarter of 2009, IPL's 200 MW Whispering Willow - East wind project located in Franklin County, Iowa, began commercial operation. As of Dec. 31, 2009, IPL incurred construction costs for Whispering Willow - East of $466 million, excluding AFUDC.

Neenah Energy Facility - In June 2009, WPL acquired the Neenah Energy Facility and related assets from Resources for $92 million. The Neenah Energy Facility is a 300 MW, simple-cycle, dual-fueled (natural gas/diesel) electric generating facility located in Neenah, Wisconsin.

The remaining generation projects in the current utility generation plans for Alliant Energy, IPL and WPL through 2013 are as follows (Not Applicable (N/A); To Be Determined (TBD)):

Primary Generation Type	Project Name / Location	Capacity (MW)	Expected Availability Date	Cost Estimate (a)	Current Capitalized Costs (b)	Actual / Expected Regulatory Decision Date
IPL:						
Wind	Whispering Willow - West Franklin County, IA	100	2012	$ 225 - $275	$ 29	TBD
WPL:						
Wind	Bent Tree - Phase I Freeborn County, MN	200	Q4 2010 and Q1 2011	425 - 460	162	October 2009
Natural-gas	Riverside Energy Center Beloit, WI	600	2013	365 - 375	N/A	2012 - 2013
					$ 191	

(a) Cost estimates represent IPL's or WPL's estimated portion of the total escalated construction and acquisition expenditures in millions of dollars and exclude AFUDC, if applicable.
(b) Costs represent capitalized expenditures in millions of dollars recorded in "Property, plant and equipment" on the respective Consolidated Balance Sheets as of Dec. 31, 2009 and exclude AFUDC, if applicable.

Whispering Willow - In 2007, IPL acquired approximately 500 MW of wind site capacity in Franklin County, Iowa referred to as the Whispering Willow wind project. IPL utilized 200 MW of this wind site capacity for its Whispering Willow - East wind project discussed above. IPL currently anticipates utilizing 100 MW of the wind site capacity for development of the second phase of the Whispering Willow wind project, known as Whispering Willow - West. IPL plans to utilize the final 100 MW of wind turbine generators and related equipment under the master supply agreement entered into with Vestas-American Wind Technology, Inc. (Vestas) in 2008 for the Whispering Willow-West wind project. In 2009, IPL made progress payments of $22 million to Vestas for the 100 MW of wind turbine generator sets and related equipment. Future development of the remaining 200 MW of the wind site capacity will depend on numerous factors such as renewable portfolio standards, availability of wind turbines and transmission capabilities. As of Dec. 31, 2009, IPL's capitalized costs related to the final 200 MW of wind site capacity held for future development were $10 million.

Bent Tree - In March 2009, WPL acquired approximately 400 MW of wind site capacity in Freeborn County, Minnesota. WPL plans to use 200 MW of the capacity from this site for its Bent Tree - Phase I wind project. In July 2009, WPL received an order from the PSCW approving construction of the 200 MW project. The total project cost approved by the PSCW is $497 million ($460 million, excluding AFUDC). WPL must promptly notify the PSCW if the scope, design or location of the project changes significantly, or if the project cost exceeds the approved amount by more than 10%. WPL expects to use traditional rate making procedures for the recovery of and return on its capital costs for the 200 MW of capacity. In October 2009, WPL received an order from the MPUC approving the Site Permit and Certificate of Need applications. WPL plans to utilize 200 MW of wind turbine generator sets and related equipment under the master supply agreement entered into with Vestas in 2008 for the Bent Tree - Phase I wind project. In 2009, WPL made progress payments of $146 million to Vestas for the 200 MW of wind turbine generator sets and related equipment. Construction of Bent Tree - Phase I is expected to begin in 2010 and the expected commercial operation date is subject to the timing of remaining local permits and execution of a transmission interconnect agreement. Future development of the remaining 200 MW of wind site capacity will depend on numerous factors such as renewable portfolio standards, availability of wind turbines and transmission capabilities. As of Dec. 31, 2009, WPL's capitalized costs related to the additional 200 MW of capacity held for future development were $14 million.

Riverside Energy Center (Riverside) - WPL has a purchased power agreement (PPA) with a subsidiary of Calpine Corporation related to Riverside that extends through May 2013 and provides WPL the option to purchase Riverside at the end of the PPA term. For planning purposes, WPL is currently assuming it will exercise its option to purchase Riverside, a 600 MW natural-gas fired electric generating facility in Beloit, Wisconsin, to replace the output currently obtained under the PPA.

Other Wind Projects - In March 2009, WPL purchased development rights to a wind site with the potential to develop an approximate 100 MW of wind capacity in Green Lake and Fond du Lac Counties in Wisconsin. Development and construction of the project will depend on numerous factors such as renewable portfolio standards, site permitting and environmental approvals, transmission interconnections and availability of wind turbines. As of Dec. 31, 2009, WPL's capitalized costs related to the wind project were $5 million.

WPL's Contingent Purchase Agreement for Edgewater Unit 5 - Refer to Note 12(i) of Alliant Energy's "Notes to Consolidated Financial Statements" for discussion of WPL's contingent purchase agreement for Edgewater Unit 5.

Environmental Compliance Plans - Alliant Energy, IPL and WPL have developed environmental compliance plans to help ensure cost effective compliance with current and proposed environmental regulations expected to significantly reduce future emissions of NOx, SO2 and mercury at their generating facilities. Details of these current and proposed environmental regulations are discussed in "Environmental Matters." The current environmental compliance plans for IPL and WPL include investments in emission controls for their respective electric generating facilities as well as purchases of emission allowances. Alliant Energy, IPL and WPL review and update, as deemed necessary and in accordance with regulatory requirements, their environmental compliance plans to address various external factors. Some of these external factors include regulatory decisions regarding proposed emission control projects, developments related to environmental regulations, availability and cost effectiveness of different emission reduction technologies, market prices for emission allowances, market conditions for obtaining financings and federal and state tax incentives. The following provides details of capital expenditure estimates for 2010 through 2012 for emission control projects included in Alliant Energy, IPL's and WPL's current environmental compliance plans (in millions):

Generating Unit	Emissions Controlled	Technology (a)	2010	2011	2012
IPL:					
Lansing Unit 4	NOx and Mercury	SCR and Baghouse	$ 55	$ --	$ --

Ottumwa	Mercury	Baghouse	5	30	30
			60	30	30
WPL:					
Edgewater Unit 5	NOx	SCR	15	40	45
Columbia	SO2 and Mercury	Scrubber and Baghouse	20	100	125
			35	140	170
Alliant Energy			$ 95	$ 170	$ 200

(a) Selective Catalytic Reduction (SCR) is a post-combustion process that injects ammonia or urea into the stream of gases leaving the generating facility 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%.
Baghouse / carbon injection process is a post-combustion process that injects carbon particles into the stream of gases leaving the generating facility boiler to facilitate the capture of mercury in filters or bags. A baghouse / carbon injection process can remove more than 85% of mercury emissions.
Scrubber is a post-combustion process that injects lime or lime slurry into the stream of gases leaving the generating facility boiler to remove SO2 and capture it in a solid or liquid waste by-product. A scrubber typically removes more than 90% of the SO2 emissions regardless of generating facility boiler type or design.

These capital expenditure estimates represent IPL's or WPL's respective portion of the total escalated capital expenditures and exclude AFUDC, if applicable. Capital expenditure estimates are subject to change based on future changes to plant-specific costs of emission control technologies and air quality rules. Alliant Energy, IPL and WPL are currently evaluating their environmental compliance plans for 2013 and beyond and will update their capital expenditure plans for these periods in the future when the plans are finalized. Refer to "Environmental Matters" for additional details regarding proposed environmental rules that may impact environmental compliance plans.

IPL's Emission Control Projects - Under Iowa law, IPL is required to file an Emissions Plan and Budget (EPB) at least bi-annually. Filing of annual periodic reports regarding the implementation of IPL's compliance plan and related budget is also required under a settlement agreement between IPL and the Office of Consumer Advocate in Iowa. An EPB provides a utility's compliance plan and related budget to meet applicable state environmental requirements and federal air quality standards. IUB approval of an EPB demonstrates that the IUB believes the EPB is reasonably expected to achieve cost-effective compliance with applicable state environmental requirements and federal air quality standards. In October 2008, the IUB approved the most recent EPB filed by IPL in March 2008. In October 2009, IPL filed its required annual periodic report regarding the implementation of its compliance plan and related budget as contained in IPL's EPB filing approved in October 2008. IPL's EPB filing includes the following emission control projects.

Lansing Generating Station Unit 4 (Lansing Unit 4) - IPL is currently installing a SCR system and baghouse at Lansing Unit 4 to reduce NOx and mercury emissions, respectively, at the generating facility. The SCR system for Lansing Unit 4 was included in IPL's Amended EPB approved by the IUB in November 2007. The baghouse for Lansing Unit 4 was included in IPL's EPB approved by the IUB in October 2008. Total capital expenditures, excluding AFUDC, for the Lansing Unit 4 emission controls are currently estimated to be $188 million ($94 million for controls to reduce NOx and $94 million for controls to reduce mercury). As of Dec. 31, 2009, Alliant Energy and IPL recorded $74 million of capitalized expenditures for the SCR system and $57 million of capitalized expenditures for the baghouse at Lansing Unit 4 in "Construction Work in Progress (CWIP)" on their respective Consolidated Balance Sheets. Remaining capital expenditures for Lansing Unit 4's emission controls are included in the above estimates for Alliant Energy's and IPL's environmental compliance plans. The SCR system and baghouse at Lansing Unit 4 are expected to be completed by the second quarter of 2010. The SCR system and baghouse at Lansing Unit 4 are expected to support compliance obligations for current and anticipated air quality regulatory requirements, primarily including CAIR and the Utility MACT Standard.

Ottumwa Generating Station (Ottumwa) - IPL's current EPB approved by the IUB in October 2008 included plans to install a baghouse at Ottumwa to reduce mercury emissions at the generating facility. The baghouse at Ottumwa is expected to support compliance obligations for anticipated air quality regulatory requirements including the Utility MACT Standard. IPL's portion of total capital expenditures, excluding AFUDC, for the baghouse is currently estimated to be $103 million, a portion of which is included in the above estimates for Alliant Energy's and IPL's environmental compliance plans. The project is currently under review to determine whether it will be included in the next EPB that IPL plans to file in the second quarter of 2010.

WPL's Emission Control Projects - WPL must file a construction application and receive authorization from the PSCW to proceed with any individual clean air compliance project containing estimated project costs of $8 million or more. In March 2007, the PSCW approved the deferral of the retail portion of WPL's incremental pre-certification and pre-construction costs for current or future clean air compliance rule projects requiring PSCW approval, effective on the request date of November 2006. Alliant Energy and WPL currently anticipate that such deferred costs will be recovered in future rates and therefore does not expect these costs to have an adverse impact on their financial condition or results of operations. WPL has filed construction applications for the following individual clean air compliance projects.

Edgewater Unit 5 - In 2008, WPL filed a certificate of authority with the PSCW to install a SCR system at Edgewater Unit 5 to reduce NOx emissions at the facility. WPL's portion of the capital expenditures, excluding AFUDC, for the Edgewater Unit 5 emission controls is currently estimated to be $115 million, a portion of which is included in the above estimates for Alliant Energy's and WPL's environmental compliance plans. WPL currently expects the PSCW to issue a ruling on its application in the second quarter of 2010. The SCR system at Edgewater Unit 5 is expected to support compliance obligations for current and anticipated air quality regulatory requirements, primarily including CAIR and the Wisconsin Reasonably Available Control Technology (RACT) Rule.

Columbia - In April 2009, WPL and its co-owners filed a certificate of authority with the PSCW to install a scrubber and baghouse at Columbia to reduce SO2 and mercury emissions, respectively, at the generating facility. WPL's portion of the capital expenditures, excluding AFUDC, for the Columbia emission controls is currently estimated to be $290 million, a portion of which is included in the above estimates for Alliant Energy's and WPL's environmental compliance plans. WPL currently expects the PSCW to issue a ruling on its application in the first quarter of 2010. The scrubber and baghouse at Columbia are expected support compliance obligations for current and anticipated air quality regulatory requirements, primarily including CAIR and the Wisconsin State Mercury Rule.

Nelson Dewey - In 2007, WPL filed a certificate of authority with the PSCW to install a scrubber and baghouse at the two existing units at Nelson Dewey to reduce SO2 and mercury emissions, respectively, at the generating facility. WPL is re-evaluating this project due to forthcoming changes in environmental rules and regulations. There are no capital expenditures included in the above table relating to this project.

Energy Efficiency Programs - Alliant Energy has several energy efficiency programs that help customers reduce their energy usage through the use of new energy efficient equipment, products and practices. The following are Alliant Energy's current key energy efficiency programs:

Smart Grid Initiatives - Smart Grid initiatives are designed to improve customer service, enhance energy management and conservation and provide operational savings through increased efficiencies of IPL's and WPL's electric distribution systems. AMI is expected to be the foundation for the Smart Grid in IPL's and WPL's service territories. WPL has completed approximately 90% of its AMI deployment by installing over 560,000 AMI electric meters and gas modules in its service territory as of Dec. 31, 2009. WPL anticipates its total capital expenditures for AMI will be approximately $110 million ($90 million for the electric portion and $20 million for the gas portion) upon completion of the deployment in 2010. IPL also plans to install AMI in its Iowa and Minnesota service

territories at an estimated cost of approximately $145 million, conditional upon appropriate cost recovery treatment in its regulatory jurisdictions.

IPL Energy Efficiency Plan (EEP) - In April 2008, IPL filed an EEP for 2009 through 2013 with the IUB. The EEP includes spending approximately $400 million for electrical and natural gas energy efficiency programs in Iowa over the next five years, and aspires to conserve electric and gas usage equal to that of more than 100,000 homes. In accordance with Iowa law, IPL is required to file an EEP every five years. An EEP provides a utility's plan and related budget to achieve specified levels of energy savings. IUB approval demonstrates that the IUB believes that IPL's EEP is reasonably expected to achieve cost-effective delivery of the energy efficiency programs. To the extent approved by the IUB, costs associated with executing the EEP are recovered from ratepayers through an additional tariff called an Energy Efficiency Cost Recovery (EECR) factor. The EECR factors are revised annually and include a reconciliation to eliminate any under- or over-recovery of energy efficiency expenses from prior periods. There are no carrying costs associated with the cost recovery factors. In March 2009, the IUB approved new EECR factors for IPL's electric and gas retail customers for the period from April 1, 2009 through March 31, 2010. The new EECR factors are based on IPL's approved budget as filed with its EEP for 2009 through 2013, along with any over- or under-collection from the prior year and therefore are not expected to have a material impact on Alliant Energy's and IPL's financial condition or results of operations.

Focus on Energy Program - WPL contributes 1.2% of annual retail utility revenues to help fund Focus on Energy, Wisconsin's statewide energy efficiency and renewable energy resource program. Focus on Energy works with eligible Wisconsin residents and businesses to finance and install energy efficiency and renewable energy equipment. Contributions to Focus on Energy are recovered from WPL's retail rate payers.

Shared Savings Programs - IPL and WPL offer energy efficiency programs to certain customers in Minnesota and Wisconsin referred to as Shared Savings programs. These programs provide low-cost financing to help customers identify, purchase and install energy efficiency improvement projects. The customers repay IPL and WPL with monthly payments over a term up to five years.

RATE MATTERS

Overview - Alliant Energy has two utility subsidiaries, IPL and WPL. Alliant Energy's utility subsidiaries are subject to federal regulation by FERC, which has jurisdiction over wholesale electric rates, electric transmission and certain natural gas facilities, and state regulation in Iowa, Wisconsin and Minnesota 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 generation facilities and related activities.

Retail Base Rate Filings - Details of IPL's and WPL's retail base rate cases impacting its historical and future results of operations are as follows (dollars in millions; Electric (E); Gas (G); Not Applicable (N/A)):

Retail Base Rate Cases	Utility Type	Filing Date	Interim Increase Implemented (a)	Interim Effective Date	Final Increase (Decrease) Granted	Final Effective Date	Return on Common Equity	
WPL:								
2010 Test Year	E/G	May-09	N/A	N/A	E-$59; G-$6	Jan-10	10.40	%
	E/G	Feb-08	N/A	N/A	G-(4)	Jan-09	N/A	

2009/2010 Test Period									
2008 Test Year	E	Apr-07		N/A	N/A	26	Jan-08	N/A	
IPL:									
Iowa 2008 Test Year	E	Mar-09	$	84	Mar-09	84	Feb-10	10.50	%

(a) Interim rates are implemented (without regulatory review for IPL), subject to refund, pending determination of final rates. The amount of the interim rates is replaced by the amount of final rates once the final rates are granted.

WPL's Retail Rate Case (2010 Test Year) - In May 2009, WPL filed a request with the PSCW to increase annual retail electric rates by $86 million, or approximately 9%, and increase annual retail natural gas rates by $6 million, or approximately 3%. The request was based on a 2010 forward-looking test year. The key drivers for the filing included recovery of infrastructure costs of the electric and natural gas utility systems, which had been impacted by a material reduction in sales and increased costs. In addition, WPL requested recovery of the remaining retail portion of the deferred costs for its cancelled Nelson Dewey #3 project. In September 2009, WPL revised its request to an annual electric retail rate increase of $99 million and annual retail natural gas rate increase of $8 million. The increase in the requested amount for the retail electric rates was primarily due to increased infrastructure costs and a reduced 2010 sales forecast.

In December 2009, WPL received an order from the PSCW authorizing an annual retail electric rate increase of $59 million, or approximately 6%, and an annual retail natural gas rate increase of $6 million, or approximately 2%, effective January 2010. The PSCW order included the following details:

- Return on common equity of 10.4%
- Regulatory capital structure comprised of 50.4% common equity, 43.3% long-term debt, 3.9% short-term debt and 2.4% preferred equity
- Weighted average cost of capital of 8.18%
- 2010 average rate base of $1.38 billion for retail electric and $0.21 billion for retail natural gas.

The December 2009 order from the PSCW also approved recovery of certain deferred benefits costs incurred by WPL in 2009 and a portion of the previously deferred costs for the cancelled Nelson Dewey #3 project. Refer to Note 1(b) of Alliant Energy's "Notes to Consolidated Financial Statements" and "Alliant Energy's Results of Operations" for further discussion regarding the PSCW's decision regarding recovery of these deferred costs and regulatory-related charges in 2009 for the portion of the cancelled Nelson Dewey #3 costs that WPL was denied recovery.

The 2010 retail electric rate relief approved by the PSCW includes an amount that represents a current return on 50% of the estimated CWIP for WPL's Bent Tree - Phase I wind project for 2010. The remaining CWIP balance for its Bent Tree - Phase I wind project will accrue AFUDC during 2010. In addition, the PSCW authorized WPL to defer the retail portion of return on rate base, depreciation expense and other operation and maintenance expenses for those portions of the Bent Tree -Phase I wind project placed in service in 2010.

WPL's Retail Rate Case (2009/2010 Test Period) - In February 2008, WPL filed a request with the PSCW to increase current retail electric rates by $93 million, or approximately 9%, and reduce current retail gas rates by $1 million, or approximately 1%, effective Jan. 1, 2009. The electric request was based on a 2009 forward-looking test year with approval to reopen the case to address limited cost drivers for 2010. The electric request reflected recovery for increased projected spending on electric generation infrastructure, environmental compliance and stewardship, enhanced investment in renewable energy projects, stepped-up customer energy efficiency and conservation efforts, and related electric transmission and distribution costs. The gas request was based on an average of 2009 and 2010 projected costs.

Through the course of the PSCW audit, the 2009 request was updated for various new cost estimates and removal of capital projects that had not yet been approved by the PSCW. These projects include Bent Tree - Phase I, Nelson Dewey #3 (subsequently rejected by the PSCW in December 2008) and various environmental compliance projects. WPL received approval from the PSCW for the Bent Tree - Phase I wind project in 2009, and it was subsequently included in WPL's 2010 retail rate case.

In December 2008, WPL and major intervenors in the case reached a stipulated agreement on electric and gas rate changes for 2009. The parties agreed to hold retail electric rates flat and decrease retail gas rates by $4 million. The stipulated agreement also included a provision that authorized WPL to defer, and record carrying costs on, the retail portion of pension and benefit costs in excess of $4 million, any change in the retail portion of network wheeling costs charged by ATC that is different than the $82 million included in rates and any change in the retail portion of emission allowance expense that is different than $2 million. In addition, the stipulated agreement included the recovery of $9 million over a two-year period for pre-certification costs related to the Nelson Dewey #3 project that had been incurred through December 2007. The PSCW approved the stipulations in December 2008.

WPL's Retail Rate Case (2008 Test Year) - In April 2007, WPL filed a request with the PSCW to reopen its 2007 retail rate case for the limited purpose of increasing electric retail rates in an amount equal to deferral credits that were fully amortized on Dec. 31, 2007. WPL also requested clarification that it is authorized to record AFUDC on all CWIP balances in excess of the CWIP balance included in the 2007 test year. In November 2007, the PSCW issued a final written order approving an annual electric retail rate increase of $26 million effective Jan. 1, 2008 and approving WPL's requested clarification regarding AFUDC and CWIP.

IPL's Iowa Retail Rate Case (2008 Test Year) - In March 2009, IPL filed a request with the IUB to increase annual electric rates for its Iowa retail customers by $171 million, or approximately 17%. The filing was based on a 2008 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 increased costs and capital investments since IPL's last Iowa electric retail rate case filed in 2004. These increased costs and capital investments included increased costs for electric transmission service, infrastructure investments completed during the past five years to enhance the reliability of IPL's electric system and lower emissions at its generating facilities, increased costs for pension and other employee benefits, capital investments and operating expenses incurred by IPL to restore electric service following 2007 winter ice storms and 2008 severe flooding that impacted its Iowa electric service territory, and capital expenditures for the cancelled Sutherland #4 project. In September 2009, IPL revised this request to seek an increase of $146 million, or approximately 14%. The decrease in the requested amount was primarily due to an alternative cost recovery process for the capitalized expenditures for Sutherland #4 discussed below and an alternative method (five-year average) for calculating the annual recovery amount of pension and other postretirement benefit costs.

In January 2010, IPL received an order from the IUB authorizing a final annual retail electric rate increase of $84 million, or approximately 7%, plus the use of a portion of IPL's regulatory liabilities to offset costs related to the cancelled Sutherland #4 project and future electric transmission service costs. The IUB order included the following details:

- Return on common equity of 10.5% for all non-Emery Generating Station-related capital (Emery Generating Station-related capital has a previously approved return on common equity of 12.23%)
- Regulatory capital structure comprised of 49.5% common equity, 43.5% long-term debt and 7.0% preferred equity
- Weighted average cost of capital of 8.76% for all non-Emery Generating Station-related capital
- 2008 average rate base of $1.82 billion for retail electric.

Refer to Note 1(b) of "Alliant Energy's "Notes to Consolidated Financial Statements" for additional discussion of the IUB's decision in its January 2010 order to allow IPL to recover $8 million of flood-related costs incurred in 2008 and to use regulatory liabilities to offset the recovery of $26 million of costs incurred for the cancelled Sutherland #4 base-load project and $46 million of transmission costs expected to be billed to IPL in 2010 related to ITC Midwest LLC's (ITC's) 2008 transmission revenue true-up adjustment.

Planned Utility Rate Cases in 2010 - IPL expects to file an Iowa retail electric rate case in March 2010 based on a 2009 historical test period. The key drivers for the filing include recovery of investments in the Whispering Willow - East wind project and emission control projects at Lansing Unit 4 and recovery of increased electric transmission service costs. 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 approximately 11 months after the March filing date. IPL also anticipates filing a retail electric rate case in Minnesota in the second quarter of 2010. Any rate changes in Minnesota are currently expected to be implemented in two phases with interim rates effective approximately two months after the filing and final rates effective approximately 10 months after the filing date.

WPL expects to file a retail electric and gas rate case in March 2010 based on a forward-looking test period that includes 2011 and 2012. The key drivers for the filing include recovery of investments in WPL's Bent Tree - Phase I wind project and other infrastructure projects. Any rate changes granted are expected to be effective on Jan. 1, 2011, which is the start of the test-year period.

Other Utility Rate Case Information - With the exception of recovering a return on additions to IPL's and WPL's infrastructure, a significant portion of the rate increases included in the above table reflect a recovery of increased costs incurred or expected to be incurred by IPL and WPL and the impact of lower sales. Thus, increases in revenues from rate increases cannot be expected to result in an equal increase in income before income taxes to either IPL or WPL, as applicable.

Retail Fuel-related Rate Filings - Details of WPL's retail fuel-related rate filings impacting its historical results of operations are as follows:

2009 Test Year - In August 2009, WPL notified the PSCW that its actual retail fuel-related costs incurred during the month of July 2009 were below the monthly monitoring range of plus or minus 8% and projected annual retail fuel-related costs for 2009 could fall outside the annual monitoring range of plus or minus 2%. In September 2009, the PSCW issued an order that set WPL's retail electric fuel rates currently in effect subject to refund beginning Sep. 1, 2009. In January 2010, WPL filed a retail electric fuel refund report indicating retail fuel over collections of $4 million for the period from Sep. 1, 2009 through Dec. 31, 2009. As of Dec. 31, 2009, WPL reserved $4 million, including interest, for refunds anticipated to be paid to its retail electric customers. WPL currently expects to receive the PSCW's decision and complete any refunds to its retail electric customers in the second quarter of 2010.

2008 Test Year - In March 2008, WPL filed a request with the PSCW to increase annual retail electric rates by $16 million to recover anticipated increased electric production fuel and energy purchases (fuel-related costs). Actual fuel-related costs through February 2008, combined with projections of continued higher fuel-related costs for the remainder of 2008, significantly exceeded the amounts being recovered in retail electric rates at the time of the filing. In the second quarter of 2008, WPL received an order from the PSCW authorizing the requested $16 million interim increase, subject to refund, effective in April 2008. Retail fuel-related costs incurred by WPL in 2008 were lower than retail fuel-related costs used to determine interim rates that were effective April 2008, resulting in $23 million, including interest, of refunds owed to its retail electric customers. WPL refunded the $23 million to its retail electric customers in 2009.

2007 Test Year - In May 2007, WPL notified the PSCW that its actual average fuel-related costs for the month of March 2007 had fallen below the monthly fuel monitoring range set in WPL's most recent retail rate case and that projected average fuel-related costs for 2007 could be below the annual monitoring range to an extent that would warrant a decrease in retail electric rates. In June 2007, the PSCW issued an order that set WPL's retail electric rates currently in effect subject to refund beginning June 1, 2007. Retail fuel-related costs incurred by WPL for the period from June 1, 2007 to Dec. 31, 2007 were lower than retail fuel-related costs used to determine rates during such period resulting in $22 million, including interest, of refunds owed to its retail electric customers. WPL completed these refunds by reimbursing its retail electric customers $4 million in 2007, $16 million in 2008 and $2 million in 2009.

Refer to "B. Information Relating to Alliant Energy on a Consolidated Basis - Regulation - PSCW - Retail Fuel-related Cost Recovery Mechanisms" in Item 1 Business for additional details of WPL's electric fuel-related cost recovery mechanism.

WPL's Wholesale Rate Filing - In December 2006, WPL received an order from FERC authorizing an interim rate increase, subject to refund, effective June 1, 2007 related to WPL's request to implement a formula rate structure for its wholesale electric customers. In February 2008, final written agreements were filed with FERC that contained a settlement between WPL and its wholesale customers of the issues identified in WPL's filing requesting the formula rate structure. In August 2008, FERC approved the settlement and the implementation of settlement rates effective June 1, 2008. During the period the interim rate increase was effective from June 1, 2007 to May 31, 2008, WPL over-recovered $10 million, including interest, from its wholesale customers. In September 2008, WPL refunded the $10 million to its wholesale electric customers.

Authorized Return on Equity - At Dec. 31, 2009, IPL's and WPL's most recently authorized return on common equity for each of its key jurisdictions were as follows:

IPL's Jurisdictions	Authorized Return on Common Equity	WPL's Jurisdictions	Authorized Return on Common Equity
Iowa retail (IUB):		Wisconsin retail (PSCW):	
Electric - Emery Generating Station	12.23%	Electric	10.40%
Electric - Whispering Willow - East	11.70%	Gas	10.40%
Electric - Other	10.50%	Wholesale (FERC):	
Gas	10.40%	Electric	10.90%
Minnesota retail (MPUC):			
Electric	10.39%		
Gas	10.75%		

Proposed Changes to Rate Recovery Mechanisms

IPL's Iowa Transmission Rider - In 2009, IPL filed a proposal with the IUB to implement an automatic cost recovery rider for annual changes in electric transmission service costs. The proposed automatic cost recovery rider would not require a base rate case for annual revisions of rates charged to IPL's Iowa retail electric customers, but would require that the electric transmission service costs incurred be fully reconciled against the revenues collected for such costs. In its January 2010 order, the IUB deferred the decision on IPL's proposal to IPL's next filed rate case.

IPL's Minnesota Transmission Rider - In January 2010, IPL filed a proposal with the MPUC to implement an automatic cost recovery rider for annual changes in electric transmission service costs. The proposed automatic cost recovery rider would not require a base rate case for annual revisions of rates charged to IPL's Minnesota retail electric

customers, but would require that the electric transmission service costs incurred be fully reconciled against the revenues collected for such costs. IPL is currently unable to determine when the MPUC will take action on this request.

WPL's Wholesale Formula Rate Change - In August 2009, WPL filed a request with FERC requesting approval of changes to WPL's wholesale formula rates in order to implement for billing purposes the full impact of accounting for defined benefit postretirement plans. In October 2009, WPL wholesale customers requested that FERC suspend the August 2009 filing and set up an evidentiary hearing to be held pending the outcome of settlement discussions.

Electric Fuel-related Cost Recovery Mechanism in Wisconsin - In November 2009, legislation (2009 Assembly Bill 600) was introduced in Wisconsin to change statutes related to the process by which utilities recover electric fuel-related costs from their retail electric customers. If approved, the new electric fuel-related costs recovery mechanism would allow Wisconsin utilities to automatically defer electric fuel-related costs that fall outside a symmetrical cost tolerance band and reflect the over/under recovery of these deferred costs in future billings to its retail customers. This change would eliminate the current regulatory lag between the point in time fuel-related costs fall outside tolerance bands and the point in time when new rates are placed into effect. The PSCW supports this legislation. In February 2010, the Wisconsin Assembly approved the 2009 Assembly Bill 600. However, Alliant Energy and WPL are unable to predict whether the legislation will be enacted.

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 with pollution abatement programs. These programs are subject to continuing review and are periodically revised due to various factors, including changes in environmental regulations, litigation of environmental requirements, construction plans and compliance costs. There is currently significant regulatory uncertainty with respect to the various environmental rules and regulations discussed below. Given the dynamic nature of environmental regulations and other related regulatory requirements, IPL and WPL have established an integrated planning process that is used for environmental compliance of their future anticipated operations. Alliant Energy, IPL and WPL anticipate future expenditures for environmental compliance will be material including significant capital investments. Alliant Energy anticipates that prudent expenditures incurred by IPL and WPL to comply with environmental requirements likely would be recovered in rates from its customers. Refer to "Strategic Overview - Environmental Compliance Plans" for details of Alliant Energy's, IPL's and WPL's environmental compliance plans, including estimated capital expenditures. The following are major environmental matters that could potentially have a significant impact on Alliant Energy's, IPL's and WPL's financial condition and results of operations.

Air Quality - The Clean Air Act (CAA) and its amendments mandate preservation of air quality through existing regulations and periodic reviews to ensure adequacy of these 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 are particularly relevant to Alliant Energy's electric utility operations, including NOx, SO2, particulate matter (PM), and ozone. Ozone is not directly emitted from Alliant Energy's generating facilities; however, NOx emissions may contribute to its formation in the atmosphere. Fine particulate matter (PM2.5) may also be formed in the atmosphere from SO2 and NOx emissions.

State implementation plans (SIPs) document the collection of regulations that individual state agencies will apply to maintain NAAQS and related CAA requirements. The EPA must approve each SIP and if a SIP is not acceptable to the EPA or if a state chooses not to issue separate state rules, then the EPA can assume enforcement of the CAA in

that state by issuing a federal implementation plan (FIP). Areas that comply with NAAQS are considered to be in attainment, whereas routinely monitored locations that do not comply with these standards may be classified by the EPA as non-attainment and require further actions to reduce emissions. Additional emissions standards may also be applied under the CAA regulatory framework beyond the NAAQS. The specific federal and state regulations that may affect Alliant Energy's operations include: CAIR, Clean Air Visibility Rule (CAVR), Wisconsin State Mercury Rule, Wisconsin RACT Rule, MACT standards and NAAQS rules. Alliant Energy also monitors various other potential environmental matters related to air quality, including: litigation of various federal rules issued under the CAA statutory authority; revisions to the New Source Review/Prevention of Significant Deterioration (PSD) permitting programs and New Source Performance Standards; and proposed legislation or other regulatory actions to regulate the emission of GHG.

CAIR - CAIR was issued by the EPA in 2005 to reduce emissions of SO2 and NOx from electric generating units with greater than 25 MW of capacity. CAIR established new SO2 and NOx (both annual and ozone season) emission caps beginning in 2010 and 2009, respectively, with further reductions in SO2 and NOx emission caps effective in 2015. CAIR included a large regional cap-and-trade system, where compliance may be achieved by either adding emission controls and/or purchasing emission allowances. In July 2008, the U.S. Court of Appeals for the D.C. Circuit (D.C. Circuit Court) vacated CAIR in its entirety. In September 2008, the EPA and other affected parties filed petitions requesting the D.C. Circuit Court review this decision, including a request that CAIR be remanded to the EPA for reconsideration and not vacated in its entirety. In December 2008, the D.C. Circuit Court issued an order that denied rehearing of the original court decision and also remanded (rather than vacated) CAIR to the EPA for revision to address flaws identified in the July 2008 opinion in the case. The impact of the court's remand of CAIR to the EPA is that CAIR obligations became effective Jan. 1, 2009. The EPA has indicated that a revised CAIR proposal is expected to be issued by May 2010 and the final revised rule is expected to be issued 12 to 14 months later.

The 2008 court ruling may have an indirect impact on the CAVR issued by the EPA in 1999 and related Best Available Retrofit Technology Rule (BART) determination guidance in 2005 to address regional haze as discussed below. The EPA's response to this court decision and associated implications to IPL and WPL are uncertain at this time. There are also uncertainties regarding the state regulations in Iowa and Wisconsin that were adopted to implement CAIR and state responses when a federal CAIR replacement rule is finalized by the EPA.

In November 2009, the EPA took final action to address one issue under CAIR related to the inclusion of Minnesota in the CAIR program. At issue were claims that the EPA had included Minnesota in the CAIR region based on inaccurate data and that use of better data would result in Minnesota falling below the threshold impact level. Consistent with the 2008 court ruling, the EPA issued a final rule staying the application of the CAIR annual SO2 and NOx programs for Minnesota. The final rule retired the annual 2009 NOx emission allowances allocated to owners of Minnesota generating facilities. The EPA's CAIR replacement rule will further assess whether or not Minnesota will be included in the future as part of the CAIR region based on revised thresholds.

IPL and WPL are currently unable to predict the final outcome of the EPA's further work on a replacement rule for CAIR, but expect that capital investments and/or modifications resulting from the replacement air quality rules that address SO2 and NOx emissions could be significant. Alliant Energy, IPL and WPL continue to implement their environmental compliance plans to meet the currently effective CAIR requirements, which include investments in emission controls for electric generating facilities as well as purchases of emission allowances. Alliant Energy, IPL and WPL will closely monitor future developments relating to the CAIR regulations and update their environmental compliance plans as needed.

CAVR - CAVR requires states to develop and implement SIPs to address visibility impairment in designated national parks and wilderness areas across the country with a national goal of no impairment by 2064. Affected states

including Iowa, Wisconsin and Minnesota were required to submit a CAVR SIP to the EPA by December 2007 to include BART emission controls and other additional measures needed for reducing state contributions to regional haze. Iowa submitted its Regional Haze SIP for EPA review and approval in March 2008. Minnesota and Wisconsin have not yet submitted a CAVR SIP for EPA review. In January 2009, the EPA found both Minnesota and Wisconsin to be deficient regarding the CAVR SIP submittal. The EPA is now required to promulgate a FIP within two years. However, the FIP requirement is void if a state submits a regional haze SIP, and the EPA approves that SIP within the two-year period. Electric generating facility emissions of primary concern for BART and regional haze regulation include SO2, NOx and PM. There are pending obligations under the EPA's CAVR to complete BART determinations that would evaluate control options to reduce these emissions at certain WPL and IPL units that were built between 1962 and 1977. The D.C. Circuit Court CAIR ruling in 2008 may have an indirect impact on the CAVR and BART SIP implementation approach because the EPA allowed for BART obligations for SO2 and NOx emissions to be fulfilled by the CAIR program. As a result of the D.C. Circuit Court CAIR ruling in December 2008 to revise CAIR, there are uncertainties in the applicability of and compliance outcomes of BART control approaches that will be approved for inclusion in CAVR SIPs. In addition, there are uncertainties whether additional emission reductions could be required to address regional haze impacts beyond BART. Alliant Energy, IPL and WPL are unable to predict the impact that CAVR might have on the operations of existing electric generating facilities until EPA final approval of state CAVR plans, which is currently expected in 2011.

Utility MACT Standard - In February 2009, the EPA filed a motion to dismiss its request for review of the D.C. Circuit Court's decision vacating the Clean Air Mercury Rule. According to the motion to dismiss, the EPA intends to develop MACT standards for electric generating units pursuant to Section 112 of the CAA. When developing a MACT standard, the EPA looks at the current level of emissions control achieved by best-performing similar sources. These emissions control levels set a baseline, often referred to as the "MACT floor" for the new standard. In January 2010, the EPA issued an information collection request for coal- and oil-fired electric utility steam generating units over 25 MW in order to develop a proposed Utility MACT standard for the control of mercury and other federal hazardous air pollutants. The purpose of the proposed information collection request is to collect data necessary to identify affected categories of electric generation units that will be subject to a Utility MACT standard and to define the MACT floor. The EPA is currently negotiating a consent decree that could require the agency to propose Utility MACT standards for coal- and oil-fired electric generating units no later than March 2011 and promulgate final standards no later than November 2011. Alliant Energy, IPL and WPL are currently unable to predict the final outcome of Utility MACT standards to regulate mercury and other federal hazardous air pollutants from electric generating units, but expect that capital investments and/or modifications could be significant to comply with any such regulations.

Wisconsin State Mercury Rule - In December 2008, a state-only mercury emission control rule became effective, which requires electric utility companies in Wisconsin to reduce annual mercury emissions by 40% from a historic baseline beginning in 2010. As part of its environmental compliance plan, WPL has invested in emission control technologies to meet the 2010 compliance requirements. In addition, the Wisconsin State Mercury Rule requires large coal-fired electric generating units with greater than 150 MW of capacity to either achieve a 90% annual mercury emissions reduction standard or limit the annual concentration of mercury emissions to 0.008 pounds of mercury per gigawatt-hour beginning in 2015. There is also an alternative multi-pollutant option that extends the time for compliance with the annual mercury reduction requirement until 2021, but in addition requires the affected facilities to achieve NOx and SO2 reductions beyond those currently required by federal and state regulations. Other coal-fired electric generating units between 25 MW and 150 MW of capacity must install BACT by Jan. 1, 2015 to reduce mercury emissions. WPL is planning additional investments in emission controls to meet the post-2010 compliance requirements. Refer to "Strategic Overview - Environmental Compliance Plans - WPL's Emission Control Projects" for discussion of these proposed WPL emission controls. WPL continues to evaluate the impact of this state mercury rule and the federal Utility MACT rule discussed above to determine further mercury emission reductions that will be

required.

Wisconsin RACT Rule - In 2004, the EPA designated 10 counties in Southeastern Wisconsin as non-attainment areas for the ozone NAAQS. This designation includes Sheboygan County, where WPL operates the Sheboygan Falls Energy Facility (SFEF) and Edgewater. In 2007, the Wisconsin DNR issued a RACT rule that requires NOx emission reductions at electric generating facilities as part of the federal ozone SIP submittal to address non-attainment areas in Wisconsin. Facility modifications are not necessary at SFEF to comply with this rule. As part of its environmental compliance plan, WPL completed investments for installation of NOx emission control technologies at Edgewater to meet the 2009 to 2012 compliance requirements. Refer to “Strategic Overview - Environmental Compliance Plans - WPL’s Emission Control Projects” for discussion of proposed emission controls for further NOx emission reductions at Edgewater Unit 5 to meet 2013 compliance deadlines.

Ozone NAAQS Rule - In March 2008, the EPA announced reductions in the primary NAAQS for eight-hour ozone to a level of 0.075 parts per million (ppm) from the previous standard of 0.08 ppm. A court has challenged that this new standard is not stringent enough. In January 2010, the EPA issued a proposal to reduce the primary standard to a level within the range of 0.060 to 0.070 ppm and establish a new seasonal secondary standard. The final rule is expected to be issued by August 2010 and final designations of non-attainment areas are expected to be issued by August 2011. Depending on the level and location of non-attainment areas, Alliant Energy, IPL and WPL may be subject to additional NOx emissions reduction requirements to meet the new ozone standard. Alliant Energy, IPL and WPL are currently unable to predict the impact of any potential changes to these ozone standards on their financial condition and results of operations.

Fine Particle NAAQS Rule - The EPA lowered the 24-hour fine particle primary NAAQS (PM2.5 NAAQS) from 65 micrograms per cubic meter (ug/m3) to 35 ug/m3 in 2006. In October 2009, the EPA announced final designation of PM2.5 non-attainment areas. IPL and WPL do not have any generating facilities in these non-attainment areas. However, in February 2009, the D.C. Circuit Court of Appeals issued a decision for litigation regarding the EPA’s determination not to lower the annual PM2.5 NAAQS in 2006. In response to the litigation decision, the EPA must re-evaluate its justification for not tightening the annual standard related to adverse effects on health and visibility. If the annual PM2.5 standard becomes more stringent, it could require SO2 and NOx emission reductions in areas designated as non-attainment. Alliant Energy, IPL and WPL are currently unable to predict the potential impact of the 2006 PM2.5 NAAQS re-evaluation on their financial condition and results of operations.

NO2 NAAQS Rule - In January 2010, the EPA issued a final rule to strengthen the primary NAAQS for NOx as measured by NO2. The final rule establishes a new one-hour NO2 standard of 100 parts per billion (ppb) and associated ambient air monitoring requirements, while maintaining the current annual standard of 53 ppb. The EPA is expected to designate non-attainment areas for the new NO2 standard by January 2012. Alliant Energy, IPL and WPL are currently unable to predict the impact of any potential NO2 standard changes on their financial condition or results of operations.

SO2 NAAQS Rule - In December 2009, the EPA published a proposed rule that would establish a new one-hour NAAQS for SO2 and associated monitoring requirements. The proposed rule would revise the primary SO2 standard to a level of between 50 and 100 ppb measured over one hour. The EPA anticipates that a new one-hour standard in the proposed range would prevent SO2 concentrations from exceeding the current 24-hour and annual health-based standards. As a result, the EPA is proposing to revoke both of the current primary SO2 standards. Alternatively, the EPA is seeking comment on a one-hour standard of 150 ppb, which would supplement the existing standards. The EPA is under a court order to issue a final SO2 standard by June 2010 and is expected to designate non-attainment areas by June 2012. Alliant Energy, IPL and WPL are currently unable to predict the impact of any potential SO2 standard changes on their financial condition or results of operations.

Industrial Boiler and Process Heater MACT Rule - The EPA's Industrial Boiler and Process Heater MACT rule became effective in 2004 and compliance with these new emission requirements for hazardous air pollutants was required by September 2007. This rule applies to fossil fuel electric generating units with less than 25 MW capacity as well as certain auxiliary boilers and process heaters operated at electric generating facilities. In June 2007, a court decision vacated this rule. The EPA will be revising the Industrial Boiler and Process Heater MACT rule by April 2010 in response to this court decision, and the implications to IPL and WPL are uncertain at this time. Until the EPA issues a revised Industrial Boiler and Process Heater MACT rule, the federal CAA generally requires affected facilities to submit to state permitting authorities an application for a case-by-case MACT determination for all potentially affected units under this rule. Case-by-case MACT determinations are effective compliance measures until revised final federal regulations can replace these interim requirements. Alliant Energy, IPL and WPL submitted case-by-case permit application information in 2009. The outcome of the case-by-case MACT determinations by the Iowa DNR and Wisconsin DNR are uncertain at this time. Alliant Energy, IPL and WPL are currently unable to predict the impact of any potential Industrial Boiler and Process Heater MACT standard changes on their financial condition or results of operations and continue to monitor related regulatory developments.

Air Permit Renewals - WPL is aware of certain public comments or petitions from citizen groups that have been submitted to the Wisconsin DNR or to the EPA regarding the renewal of air operating permits at certain of its facilities. WPL has since received renewal air permits for Edgewater and Columbia, which considered all public comments and contain changes to permit requirements that resulted from the Wisconsin DNR's review process. In December 2008, the Sierra Club submitted a notice of intent to sue the EPA for failure to respond to its petition encouraging the EPA to challenge the air permit issued by the Wisconsin DNR for Columbia. In October 2009, the EPA responded to the Sierra Club petition and granted one of three issues from the Sierra Club petition, objecting to that portion of the permit issued by the Wisconsin DNR. The Wisconsin DNR has been working with EPA, and has been in contact with WPL, related to this matter. To date, no changes have been made to the previously issued permit for Columbia.

In October 2009, the Sierra Club petitioned the EPA to object to a proposed Title V air permit for Edgewater that the Wisconsin DNR had submitted to the EPA for review. The EPA had 60 days from the filing of the petition to respond. In October 2009, the Wisconsin DNR issued the Title V air permit renewal for Edgewater, responding to comments made by the Sierra Club, which were the foundation for the petition. In December 2009, the Sierra Club filed a notice of intent to sue the EPA over its failure to act on the petition. The EPA has not yet acted on the petition, and WPL cannot predict the outcome of the EPA's response to the Sierra Club petition or the Sierra Club's notice of intent to sue the EPA for failure to act on the petition.

Air Permitting Violation Claims - In October 2009, WPL, as an owner and the operator of Nelson Dewey and Columbia, received from Sierra Club an NOI based on allegations that modifications were made at those facilities without complying with the PSD program requirements, Title V Operating Permit requirements of the CAA and state regulatory counterparts contained within the Wisconsin SIP designed to implement the CAA. In December 2009, WPL received from Sierra Club a separate NOI, which contained similar allegations regarding Edgewater. The NOIs allege that various projects performed at Nelson Dewey, Columbia and Edgewater in years past were major modifications, as defined in the CAA, and that the owners violated the CAA when they undertook those projects without obtaining permits and installing the best available emission controls for SO2, NOx and PM. In the Edgewater NOI, additional allegations were made regarding violations of emission limits for visible emissions.

In December 2009, the EPA sent an NOV to WPL as an owner and the operator of Nelson Dewey, Columbia and Edgewater. The NOV alleges that the owners failed to comply with appropriate pre-construction review and permitting requirements and as a result violated the PSD program requirements, Title V Operating Permit requirements of the CAA and the SIP.

If pursued successfully by the EPA and/or the Sierra Club, these actions could result in civil penalties in amounts of up to $37,500 per day for each violation and/or injunctive relief to require installation of pollution control technology at Nelson Dewey, Columbia and Edgewater, which would increase future capital and operating expenditures of Alliant Energy and WPL. Alliant Energy and WPL are currently reviewing the allegations and are unable to predict the impact of the allegations on their financial conditions or results of operations, but believe that an adverse outcome could be significant. WPL and the other owners of Columbia and Edgewater are exploring settlement options with each of the EPA and Sierra Club while simultaneously defending against these actions. WPL believes the projects at Nelson Dewey, Columbia and Edgewater were routine or not projected to increase emissions therefore did not violate the permitting requirements of the CAA.

Water Quality -
Section 316(b) of Federal Clean Water Act - The Federal Clean Water Act requires the EPA to regulate cooling water intake structures to assure that these structures reflect the “best technology available” for minimizing adverse environmental impacts to fish and other aquatic life. The second phase of this EPA rule became effective in 2004 and is generally referred to as Section 316(b). Section 316(b) applies to existing cooling water intake structures at large steam-electric generating facilities. In 2007, a court opinion invalidated aspects of the Section 316(b), which allowed for consideration of cost-effectiveness when determining the appropriate compliance measures. As a result, the EPA formally suspended Section 316(b) in 2007. In April 2009, the U.S. Supreme Court granted the EPA authority to use a cost-benefit analysis when setting technology-based requirements under Section 316(b). A revised Section 316(b) rule reflecting the U.S. Supreme Court’s decision is anticipated to be proposed by the EPA in 2010 and a final rule is expected in 2012. IPL and WPL have identified seven and three generating facilities, respectively, which may be impacted by the revised Section 316(b) rule. Alliant Energy, IPL and WPL are currently unable to predict the final requirements from Section 316(b), but expect that capital investments and/or modifications resulting from the rule could be significant.

Wisconsin State Thermal Rule - In January 2010, the Wisconsin Natural Resources Board adopted a revised thermal rule proposal for regulating the amount of heat that facilities can discharge into Wisconsin waters. The rule must now be approved by the EPA and is anticipated to be effective in the first half of 2010. Compliance with the thermal rule will be evaluated on a case-by-case basis as discharge permits for WPL’s generating facilities are renewed. WPL continues to evaluate the thermal rule regulatory requirements and the compliance options available to meet the heat limitations for its generating facility discharges into Wisconsin waters. WPL is unable to predict the final requirements of this rule until discharge permits for the impacted facilities are renewed; however, should capital investments and/or modifications be required, WPL believes these investments could be significant.

Hydroelectric Fish Passages and Fish Protective Devices - In 2002, FERC issued an order requiring the following actions regarding WPL’s Prairie due Sac hydroelectric generating facility: 1) develop a detailed engineering and biological evaluation of potential fish passages for the facility within 12 months; 2) install an agency-approved fish-protective device at the facility within 12 months; and 3) install an agency-approved fish passage at the facility within three years. The due dates for designing the potential fish passages and installing the fish-protective device were extended to June 30, 2010, and the due date for installing the fish passage was extended to Dec. 31, 2012. In December 2009, WPL completed the installation of an agency-approved fish protection device at its Prairie du Sac facility as required by FERC. Alliant Energy continues to work with the agencies to design and install the fish passage. Alliant Energy and WPL believe the required capital investments and/or modification to comply with the FERC order for the fish passage at its Prairie du Sac facility could be significant.

Land and Solid Waste -
Manufactured Gas Plant (MGP) Sites - IPL and WPL have current or previous ownership interests in 40 and 14 MGP 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 are working pursuant to the requirements of

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. Refer to Note 12(e) of Alliant Energy's "Notes to Consolidated Financial Statements" for estimates of the range of remaining costs to be incurred for the investigation, remediation and monitoring of IPL's and WPL's MGP sites.

Coal Combustion By-products (CCB) - Alliant Energy, IPL and WPL are monitoring potential regulatory changes that may affect the rules for operation and maintenance of active ash ponds and/or landfills, in the wake of an ash pond containment berm failure at a different utility. In 2009, IPL and WPL responded to information collection requests from the EPA for data on coal ash surface impoundments at ten and four of their facilities, respectively. The EPA is evaluating the responses and has indicated its intent to issue proposed regulations for public comment in 2010 and final regulations in 2011. These proposed regulations may include additional requirements with significant impact for CCB management, beneficial use applications and disposal. Alliant Energy, IPL and WPL are currently unable to predict the impact of these information collection requests or potential regulations resulting from such requests.

Closed Ash Landfill Sites - In 2004, IPL received communication from the Iowa DNR regarding an evaluation of groundwater monitoring results for four of its closed ash landfills and a request to further evaluate potential offsite groundwater impacts at two of its closed landfills. The Iowa DNR approved IPL's plans to evaluate potential offsite groundwater impacts at these two landfills, which were implemented beginning in 2005. Work was completed at one of the landfills in 2005. Work at the other landfill has not been completed pending access agreements from two neighboring property owners to install additional groundwater monitoring wells. One access agreement was obtained in 2008 and installation of wells at that location was completed in December 2009. IPL provides periodic updates to the Iowa DNR on the status of implementing the monitoring plan. Results from this additional monitoring will be evaluated by the Iowa DNR to determine if further actions are required.

Polychlorinated Biphenyls (PCBs) - Alliant Energy, IPL and WPL are monitoring possible new regulations for PCB that could require replacement of all electrical equipment containing PCB insulating fluid. Alliant Energy, IPL and WPL are currently unable to predict the outcome of this possible regulatory change, but believe that the required capital investment and/or modifications resulting from these potential regulations could be significant.

EPA GHG Rulemakings - Climate change continues to garner public attention along with support for policymakers to take action to mitigate global warming. There is considerable debate regarding the public policy response that the U.S. should adopt, involving both domestic actions and international efforts. Several members of Congress have proposed legislation to regulate GHG emissions, primarily targeting reductions of carbon dioxide (CO2) emissions. In addition, efforts are underway by the EPA to respond to a court ruling that could require rules to reduce GHG emissions, including assessment of whether or how the agency should regulate GHG emissions. Initiatives to address GHG emissions are also underway in the states covering Alliant Energy's utility service territories. Given the highly uncertain outcome and timing of future regulations regarding the control of GHG emissions, Alliant Energy, IPL and WPL currently cannot predict the financial impact of any future climate change regulations on their operations but believe the expenditures to comply with any new emissions regulations could be significant. Refer to "Legislative Matters - Climate Change Legislative Developments" for federal and state legislative initiatives to address GHG emissions.

EPA Mandatory GHG Reporting Rule - In December 2009, the final EPA Mandatory GHG Reporting rule became effective. The final rule does not require control of GHG emissions, rather it requires that sources above certain threshold levels monitor and report emissions. The EPA anticipates that the data collected by this rule will improve the U.S. government's ability to formulate a set of climate change policy options. The GHG emissions covered by the final EPA reporting rule include CO2, methane (CH4), nitrous oxide (N2O), sulfur hexafluoride, hydrofluorocarbons

(HFCs), perfluorocarbons and other fluorinated gases. Emissions of GHG will be reported at the facility level in CO2-equivalent (CO2e) and include those facilities that emit 25,000 metric tons or more of CO2e annually. The final rule applies to electric utility and natural gas distribution operations at Alliant Energy, IPL and WPL. The annual reporting compliance requirement begins for the calendar year 2010, with the first GHG emissions reports due by March 31, 2011.

The primary GHG emitted from Alliant Energy's utility operations is CO2 from the combustion of fossil fuels at its larger electric generating facilities. Alliant Energy's annual CO2 emissions from its larger electric generating facilities, in terms of total mass, ranged from 19 million tons (or 17 million metric tons) to 24 million tons (or 22 million metric tons) during the 2005 through 2009 period. These amounts represent emissions from IPL's and WPL's ownership portion of fossil-fueled electric generating units with a design nameplate of 25 MW or greater that are required to be equipped with continuous emissions monitoring systems. Alliant Energy is currently updating its emissions monitoring methodologies to capture all the GHG emissions data required to comply with the EPA's mandatory GHG reporting rule.

GHG Endangerment and Cause or Contribute Finding - In April 2009, the EPA issued a "Proposed Endangerment and Cause or Contribute Findings for GHG under the CAA." This proposal includes two distinct findings regarding GHG emissions under the CAA. First, the current and projected concentrations of GHG emissions in the atmosphere threaten the public health and welfare of current and future generations. This is referred to as the endangerment finding and includes the six key GHG emissions identified in the EPA's proposed reporting rule. Second, the combined emissions of CO2, CH4, N2O, and HFCs from new motor vehicles and motor vehicle engines contribute to the atmospheric concentrations of these key GHG emissions and hence to the threat of climate change. This is referred to as the cause or contribute finding. The EPA's proposed findings do not include any specific regulations that mandate reductions in GHG emissions. However, finalization of these findings is requisite to EPA's future issuance of regulations to reduce GHG emissions from motor vehicles or other emissions sources, which could include electric utility operations. In December 2009, the EPA published the final rule for this finding with an effective date of January 2010. The final rule is currently being challenged by several groups in the D.C. Circuit Court.

The implications of the EPA's findings are highly uncertain, including the nature or timing related to future issuance of regulations mandating reductions of GHG emissions. Alliant Energy, IPL and WPL are currently unable to predict the final outcome of the EPA's findings, but expect that expenditures to comply with any regulations to reduce GHG emissions could be significant.

GHG Tailoring Rule - In October 2009, the EPA published the GHG Tailoring rule proposal to establish GHG permit applicability thresholds. This proposed rule defines when CAA permits under the PSD and Title V programs would be required for new and existing large industrial facilities. The proposed rule would create a new emissions threshold (25,000 tons per year CO2e) for GHG emissions. New and significantly modified facilities would be required to obtain PSD pre-construction permits that demonstrate use of BACT and energy efficiency measures to minimize GHG emissions. Existing facilities may also be required to obtain a revised Title V operating permit if their GHG emissions exceed the proposed threshold. A final GHG Tailoring rule is anticipated in the first half of 2010. Alliant Energy, IPL and WPL are currently unable to predict the final outcome of the EPA's proposed permitting rule, but expect that expenditures to comply with any regulations to reduce GHG emissions could be significant.

Chicago Climate Exchange (CCX) - Alliant Energy, IPL and WPL continue to take voluntary measures to reduce their emissions including CO2 and other GHG as prudent steps to address potential climate change regulation. In May 2009, Alliant Energy committed to continued participation in Phase II of the CCX for the period from 2007 through 2010. CCX is a voluntary market-based emissions cap and trade program for reducing GHG emissions, including CO2.

Refer to Note 12(e) of Alliant Energy's "Notes to Consolidated Financial Statements," Item 1 Business, "Strategic Overview" and "Liquidity and Capital Resources - Cash Flows - Investing Activities - Construction and Acquisition Expenditures" for further discussion of environmental matters.

LEGISLATIVE MATTERS

Climate Change Legislative Developments -
Federal - The U.S. Congress is currently debating various forms of legislation to regulate GHG emissions, including legislation to create a cap and trade program (i.e., H.R. 2454 approved by the House in June 2009). Alliant Energy, IPL and WPL are not able to determine what, if any, GHG legislation will finally be enacted, or the impact of such legislation. If enacted, Alliant Energy, IPL and WPL believe that GHG legislation could have a material adverse impact on their financial condition and results of operations.

Midwestern Governors Association GHG Accord (GHG Accord) - The Midwest Governors Association began a process in 2007 to develop a series of policy recommendations and proposals to address various Climate Change GHG issues. Various recommendations have come from the process related to infrastructure siting and carbon sequestration studies. Other recommendations outlined a system to enable a regional market-based multi-sector cap and trade program for GHG reductions. The recommendations for a cap and trade system are still under discussion, and any final recommendations will be advisory only in the form of a model rule. Any adoption of any cap and trade or other GHG reduction proposals that are allowed under interstate commerce and other federal law will have to be adopted by member states subject to the approval of their legislatures and governors.

Wisconsin - In April 2007, Governor Doyle signed Executive Order 191, which created the Wisconsin Task Force on Global Warming (GWTF). In July 2008, the GWTF issued its final report containing policy recommendations for state-level actions to address climate change. The report contains short- and long-term goals and action items Wisconsin might undertake, and it was understood legislation would be introduced where needed to accomplish the recommendations. In 2009, Senate Bill 450 and Assembly Bill 649 were introduced proposing enactment of some of the GWTF recommendations. The most significant provisions of these bills include: 1) increasing the Wisconsin Renewable Portfolio Standard (RPS) to 20% by 2020 and 25% by 2025; 2) requiring a portion (6% by 2020 and 10% by 2025) of the RPS to be met with renewable sources located in Wisconsin; 3) implementing a statewide goal of 2% annual energy savings and expanding energy efficiency programs and spending to accomplish this goal; and 4) allowing the PSCW to mandate utilities to make power purchases at prices higher than avoided cost (Feed in Tariffs) from small distributed renewable generation owned by third parties. The bills do not propose a Wisconsin or regional cap and trade regime. Alliant Energy and WPL expect final action on these proposals by April 2010. Alliant Energy and WPL are currently unable to determine what impacts these initiatives will have on their future financial condition or results of operations.

Iowa and Minnesota - No specific GHG legislation is currently being considered in Iowa or Minnesota.

Other Recent Legislative Developments -
American Recovery and Reinvestment Act of 2009 - In February 2009, the ARRA was enacted. The most significant provisions of the ARRA for Alliant Energy, IPL and WPL provide a one-year extension of the 50% bonus depreciation deduction for certain expenditures for property that is acquired or constructed in 2009, incentives for wind facilities placed in service by Dec. 31, 2012 and grants for qualifying investments that are expected to improve the electric grid and transportation infrastructure. Based on capital projects placed into service in 2009, Alliant Energy, IPL and WPL estimate their 2009 bonus tax depreciation deduction to be approximately $427 million, $337 million and $79 million, respectively. These 2009 bonus tax depreciation deductions significantly reduced the amount

of cash taxes paid by Alliant Energy, IPL and WPL in 2009. Refer to "Other Matters - Other Future Considerations" for additional details of potential incentives for IPL's and WPL's proposed wind projects and grants related to its investments in transportation infrastructure. Refer to Note 5 of Alliant Energy's "Notes to Consolidated Financial Statements" for discussion of a deferral of Alliant Energy's federal tax obligation associated with the repurchase of its Exchangeable Senior Notes due 2030 based on provisions of the ARRA.

Wisconsin Senate Bill 62 - In February 2009, SB 62 was enacted. The most significant provision of SB 62 for Alliant Energy, IPL and WPL requires combined reporting for corporate income taxation in Wisconsin beginning with tax returns filed for the calendar year 2009. This provision will require legal entities in which Alliant Energy owns a 50% or more interest to file as members of a unitary return in Wisconsin. In addition, the provisions of SB 62 make it unlikely that Alliant Energy will be able to utilize the majority of its current Wisconsin net operating loss carryforwards before they expire. Refer to Note 5 of Alliant Energy's "Notes to Consolidated Financial Statements" and to "Other Matters - Critical Accounting Policies and Estimates - Income Taxes" for additional discussion of SB 62 and its impact on Alliant Energy's, IPL's and WPL's financial condition and results of operations during 2009.

Federal Healthcare Legislation (Senate Bill H.R. 3590 and House Bill H.R. 3962) - Both the House and the U.S. Senate approved different versions of proposed healthcare legislation recently. Both versions of healthcare legislation contain a provision that would eliminate the non-taxable status of the 28% subsidy provided to employers who continue prescription drug coverage for their retirees. If healthcare legislation that contains this provision is enacted, Alliant Energy, IPL and WPL expect to record deferred income tax expense of $10 million, $5 million and $4 million, respectively, in the period the legislation is enacted.

Federal Regulatory Reform Legislation - In December 2009, the House approved comprehensive regulatory reform legislation (H.R. 4173). The most significant provision of this legislation for Alliant Energy, IPL and WPL would create Commodities Futures Trading Commission regulations and mandatory clearing definitions, which may require Alliant Energy, IPL and WPL to post large amounts of cash collateral related to their derivative instruments. During consideration of this legislation, an amendment was approved that narrowed the definition of major swaps participant to focus on systemic risk, not counterparty credit risk exposures. As a result, Alliant Energy, IPL and WPL as well as other end-users of derivatives may not fall under the scope of this legislation. Alliant Energy, IPL and WPL are currently unable to determine the ultimate impact of this proposed legislation on their financial condition and results of operations.

ALLIANT ENERGY'S RESULTS OF OPERATIONS

Overview - "Executive Summary" provides an overview of Alliant Energy's 2009, 2008 and 2007 earnings and the various components of Alliant Energy's business. Additional details of Alliant Energy's 2009, 2008 and 2007 earnings are discussed below.

Utility Electric Margins - Electric margins are defined as electric operating revenues less electric production fuel, energy purchases and purchased electric capacity expenses. Management believes that electric margins provide a more meaningful basis for evaluating utility operations than electric operating revenues since electric production fuel, energy purchases and purchased electric capacity expenses are generally passed through to customers, and therefore, result in changes to electric operating revenues that are comparable to changes in electric production fuel, energy purchases and purchased electric capacity expenses. Electric margins and megawatt-hour (MWh) sales for Alliant Energy were as follows:

	Revenues and Costs (dollars in millions)					MWhs Sold (MWhs in thousands)				
	2009	2008	(a)	2007	(b)	2009	2008	(a)	2007	(b)

Residential	$ 868.6	$ 844.7	3 %	$ 847.5	--	7,532	7,664	(2 %)	7,753	(1 %)
Commercial	556.8	537.5	4 %	535.2	--	6,108	6,181	(1 %)	6,222	(1 %)
Industrial	710.7	734.7	(3 %)	731.9	--	10,948	12,490	(12 %)	12,692	(2 %)
Retail subtotal	2,136.1	2,116.9	1 %	2,114.6	--	24,588	26,335	(7 %)	26,667	(1 %)
Sales for resale:										
Wholesale	190.1	201.9	(6 %)	179.8	12 %	3,251	3,813	(15 %)	3,547	7 %
Bulk power and other	98.3	31.1	216%	56.7	(45%)	2,583	983	163%	2,550	(61%)
Other (includes wheeling)	51.4	61.4	(16 %)	59.7	3 %	155	164	(5 %)	167	(2 %)
Total revenues/sales	2,475.9	2,411.3	3 %	2,410.8	--	30,577	31,295	(2 %)	32,931	(5 %)
Electric production fuel expense	388.5	424.0	(8 %)	478.9	(11%)					
Energy purchases expense	502.9	419.1	20 %	343.9	22 %					
Purchased electric capacity expense	281.1	285.7	(2 %)	298.9	(4 %)					
Margins	$ 1,303.4	$ 1,282.5	2 %	$ 1,289.1	(1 %)					

(a) Reflects the % change from 2008 to 2009. (b) Reflects the % change from 2007 to 2008.

2009 vs. 2008 Summary - Electric margins increased $21 million, or 2% in 2009, primarily due to the impact of IPL's 2009 interim retail rate increase effective March 2009, which increased IPL's electric revenues by $62 million in 2009, an estimated $10 million reduction in electric margins in 2008 due to the loss of retail sales during electric service outages caused by the severe flooding in IPL's service territory in 2008, $9 million of lower purchased electric capacity expenses at WPL related to the RockGen Energy Center (RockGen) PPA, which terminated in May 2009, $6 million of incremental purchased electric capacity expenses at IPL in 2008 resulting from the severe flooding, $5 million of higher energy conservation revenues at IPL, a $4 million regulatory-related credit recorded by IPL in 2009 related to the IUB's approval to recover electric capacity expenses incurred in 2008 related to the severe flooding, and changes in the recovery of electric production fuel and energy purchases at WPL. These items were partially offset by an estimated $33 million reduction in electric margins from changes in the net impacts of weather conditions and Alliant Energy's weather hedging activities, a decrease in weather-normalized sales volumes, $12 million of higher purchased electric capacity expenses at WPL related to the Kewaunee Nuclear Power Plant (Kewaunee) PPA, $6 million of higher purchased electric capacity expenses at IPL related to the Duane Arnold Energy Center (DAEC) PPA and a $4 million reduction in electric margins from the impact of annual adjustments to unbilled revenue estimates. Changes in energy conservation revenues are largely offset by changes in energy conservation expenses.

2008 vs. 2007 Summary - Electric margins decreased $7 million, or 1%, in 2008, primarily due to $12 million of lower wheeling revenues at IPL largely due to the sale of its electric transmission assets in December 2007, an $11 million reduction in electric margins from the impact of electric production fuel and energy purchases cost recoveries at WPL, an estimated $10 million reduction in electric margins during 2008 due to the loss of retail sales during electric service outages caused by the severe flooding in IPL's service territory in 2008, an estimated $10 million reduction in electric margins from changes in the net impacts of weather conditions and Alliant Energy's weather hedging activities, $6 million of incremental purchased electric capacity expenses at IPL in 2008 resulting from the severe flooding and lower industrial sales volumes at WPL due to the negative impact the slowing economy in 2008 had on WPL's large industrial customer demand during such period. These items were partially offset by $16 million of purchased electric capacity expenses at WPL in 2007 related to a contract that ended in December 2007, a $9 million impact from changes in annual adjustments to unbilled revenue estimates, $8 million of lower purchased

electric capacity expenses at WPL in 2008 from its Kewaunee PPA, the loss of retail sales during electric service outages caused by the winter storms in IPL's service territory in 2007 and an increase in weather-normalized sales at IPL partially due to increased industrial sales to ethanol production facilities in IPL's service territory.

Electric Production Fuel and Energy Purchases (Fuel-related) Cost Recoveries - Alliant Energy burns coal and other fossil fuels to produce electricity at its generating facilities. The cost of fossil fuels used during each period is included in electric production fuel expense. Alliant Energy also purchases electricity to meet the demand of its customers and charges these costs to energy purchases expense. Alliant Energy's electric production fuel expense decreased $36 million, or 8%, in 2009 and decreased $55 million, or 11%, in 2008. The 2009 decrease was primarily due to lower coal volumes burned at its generating facilities resulting from reduced generation needed to serve the lower sales volumes. The 2008 decrease was primarily due to lower fuel volumes burned at IPL's Emery Generating Station and at the generating facilities impacted by the severe flooding in IPL's service territory in 2008. Alliant Energy's energy purchases expense increased $84 million, or 20%, in 2009 and increased $75 million, or 22%, in 2008. The 2009 increase was primarily due to higher energy purchased volumes and higher costs in 2009 related to derivative instruments used to mitigate pricing volatility for the electricity purchased to supply to its customers. The 2008 increase was primarily due to changes in commodity prices. The impact of the changes in energy purchases volumes were largely offset by the impact of changes in bulk power sales volumes discussed below.

Due to IPL's rate recovery mechanisms for fuel-related costs, changes in fuel-related costs resulted in comparable changes in electric revenues and, therefore, did not have a significant impact on IPL's electric margins. WPL's rate recovery mechanism for wholesale fuel-related costs also provides for subsequent adjustments to its wholesale electric rates for changes in commodity costs, thereby mitigating impacts of changes to commodity costs on its electric margins.

WPL's retail fuel-related costs incurred in 2009, 2008 and 2007 were all lower than the forecasted fuel-related costs used to set retail rates during such periods. WPL estimates the lower than forecasted retail fuel-related costs increased electric margins by approximately $8 million, $5 million and $16 million in 2009, 2008 and 2007, respectively.

Refer to "Other Matters - Market Risk Sensitive Instruments and Positions" for discussion of risks associated with increased electric production fuel and energy purchases expenses on WPL's electric margins. Refer to "Rate Matters" and Note 1(h) of Alliant Energy's "Notes to Consolidated Financial Statements" for additional information relating to recovery mechanisms for electric production fuel and energy purchases expenses including proposed changes to the retail rate recovery mechanism in Wisconsin for such expenses.

Impacts of Weather Conditions (excluding the impacts of severe flooding and winter storms in IPL's service territory) - Estimated increases (decreases) to Alliant Energy's electric margins from the net impacts of weather and Alliant Energy's weather hedging activities were as follows (in millions):

	2009	2008	2007
Weather impacts on demand compared to normal weather	$(36)	$(11)	$9
Gains (losses) from weather derivatives (a)	(3)	5	(5)
Net weather impact	$(39)	$(6)	$4

(a) Recorded in "Other" revenues in the above table.

Alliant Energy's electric sales demand is seasonal to some extent with the annual peak normally occurring in the summer months due to air conditioning usage by its residential and commercial customers. Cooling degree days (CDD) data is used to measure the variability of temperatures during summer months and is correlated with electric sales demand. Heating degree days (HDD) data is used to measure the variability of temperatures during winter

months and is correlated with electric and gas sales demand. Refer to "Utility Gas Margins - Impacts of Weather Conditions" for details regarding HDD in Alliant Energy's service territories. CDD in Alliant Energy's service territories were as follows:

	Actual			
CDD (a):	2009	2008	2007	Normal (a)
Cedar Rapids, Iowa (IPL)	406	583	846	779
Madison, Wisconsin (WPL)	368	538	781	642

(a) CDD 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 CDD.

Alliant Energy periodically utilizes weather derivatives based on CDD and HDD to reduce the potential volatility on its margins during the summer months of June through August and the winter months of November through March, respectively. Alliant Energy entered into weather derivatives based on CDD in Cedar Rapids, Iowa and Madison, Wisconsin for the periods June 1, 2008 to Aug. 31, 2008 and June 1, 2007 to Aug. 31, 2007. Alliant Energy did not enter into any weather derivatives for the June 1, 2009 to Aug. 31, 2009 time period. Alliant Energy entered into weather derivatives based on HDD in Cedar Rapids, Iowa and Madison, Wisconsin for the periods Nov. 1, 2008 to March 31, 2009 and Nov. 1, 2007 to March 31, 2008 and weather derivatives based on HDD in Chicago, Illinois for the periods Nov. 1, 2006 to March 31, 2007. As of Dec. 31, 2009, Alliant Energy did not enter into any weather derivatives for the Nov. 1, 2009 to March 31, 2010 time period.

Purchased Electric Capacity Expense - Alliant Energy enters into PPAs to help meet the electricity demand of its customers. Certain of these PPAs include minimum payments for IPL's and WPL's rights to electric generating capacity. Details of purchased electric capacity expense included in the electric margin table above were as follows (in millions):

	2009	2008	2007
DAEC PPA (IPL)	$140	$134	$132
Kewaunee PPA (WPL)	74	62	70
Riverside PPA (WPL)	57	56	57
RockGen PPA (WPL) - Expired May 2009	7	16	16
Flood-related PPA (IPL) - Summer of 2008 only (a)	(4)	6	--
Minnesota Power PPA (WPL) - Expired December 2007	--	--	16
Other	7	12	8
	$281	$286	$299

(a) IPL received approval from the IUB to recover $4 million from its retail customers in Iowa related to the incremental purchased electric capacity expenses IPL incurred during the summer of 2008 for leasing temporary generation to contribute to the reliability of the electric grid in Cedar Rapids, Iowa due to damage to infrastructure caused by the severe flooding in 2008.

At Dec. 31, 2009, the future estimated purchased electric capacity expense related to the DAEC (expires in 2014), Kewaunee (expires in 2013) and Riverside (expires in 2013) PPAs were as follows (in millions):

	2010	2011	2012	2013	2014	Total
DAEC PPA (IPL)	$143	$146	$152	$154	$28	$623

Kewaunee PPA (WPL)	73	51	60	63	--	247
Riverside PPA (WPL)	58	59	60	17	--	194
	$274	$256	$272	$234	$28	$1,064

Unbilled Revenue Estimates - In the second quarter of each year, when weather impacts on electric sales volumes are historically minimal, Alliant Energy refines its estimates of unbilled electric revenues. Adjustments resulting from these refined estimates can increase (e.g. 2008) or decrease (e.g. 2009 and 2007) electric margins reported in the second quarter. Estimated increases (decreases) in Alliant Energy's electric margins from the annual adjustments to unbilled revenue estimates recorded in the second quarter were as follows (in millions):

	2009	2008	2007
IPL	$(6)	$3	$(2)
WPL	5	--	(4)
Alliant Energy	$(1)	$3	$(6)

Sales Trends - Retail sales volumes decreased 7% and 1% in 2009 and 2008, respectively. The 2009 decrease was largely due to a 12% decrease in industrial sales, which was caused by reduced sales to two of IPL's larger industrial customers who transitioned to their own cogeneration facilities in 2009 and plant closures and shift reductions as a result of economic conditions in 2009. Retail sales volumes in 2008 were impacted by temporary disruptions of electric service associated with severe flooding in 2008. At the peak of the disruptions caused by the severe weather, approximately 40,000 electric customers of IPL were unable to receive service. The most significant impacts of these disruptions on electric sales related to several large industrial customers in Cedar Rapids, Iowa who were unable to receive service after the flood.

Wholesale sales volumes decreased 15% and increased 7% in 2009 and 2008, respectively. The 2009 decrease was largely due to the impact of weather and economic conditions in 2009 on the electric sales demand of IPL's and WPL's wholesale customers. Wholesale and retail sales volumes in 2008 were impacted by IPL's and WPL's sales of their respective electric distribution properties in Illinois in February 2007. Prior to these asset sales, electric revenues and MWhs sold to retail customers in Illinois were included in residential, commercial and industrial sales in the electric margin table above. Upon completion of these asset sales, IPL and WPL entered into separate wholesale agreements to continue to provide electric service to their former retail customers in Illinois. Electric revenues and MWhs sold under these wholesale agreements are included in wholesale sales in the electric margin table above. The lower pricing for wholesale customers as compared to retail customers resulted in a decrease to electric margins following the sale of the electric distribution properties in Illinois.

Bulk power and other revenue changes were largely due to changes in revenues from sales in the wholesale energy market operated by the Midwest Independent Transmission System Operator (MISO) and PJM Interconnection, LLC. These changes are impacted by several factors including the availability of Alliant Energy's generating facilities and electricity demand within these wholesale energy markets. Changes in bulk power and other sales revenues were largely offset by changes in energy purchases expense and therefore did not have a significant impact on electric margins.

Refer to "Other Matters - Other Future Considerations" for discussion of retail electric sales projections expected to be influenced by economic conditions, new cogeneration facilities constructed by two of IPL's industrial customers and ethanol production facilities in Alliant Energy's service territories.

Utility Gas Margins - Gas margins are defined as gas operating revenues less cost of gas sold. Management believes that gas margins provide a more meaningful basis for evaluating utility operations than gas operating revenues since

cost of gas sold are generally passed through to customers, and therefore, result in changes to gas operating revenues that are comparable to changes in cost of gas sold. Gas margins and dekatherm (Dth) sales for Alliant Energy were as follows:

	Revenues and Costs (dollars in millions)					Dths Sold (Dths in thousands)				
	2009	2008	(a)	2007	(b)	2009	2008	(a)	2007	(b)
Residential	$290.8	$385.0	(24 %)	$348.6	10 %	27,711	30,630	(10 %)	28,137	9 %
Commercial	174.7	240.5	(27 %)	199.0	21 %	20,725	22,461	(8 %)	19,417	16 %
Industrial	30.7	51.1	(40 %)	39.4	30 %	4,558	5,558	(18 %)	4,694	18 %
Retail subtotal	496.2	676.6	(27 %)	587.0	15 %	52,994	58,649	(10 %)	52,248	12 %
Interdepartmental	4.9	7.8	(37 %)	17.4	(55 %)	938	1,373	(32 %)	2,591	(47 %)
Transportation/other	24.2	26.0	(7 %)	25.8	1 %	53,580	59,253	(10 %)	58,911	1 %
Total revenues/sales	525.3	710.4	(26 %)	630.2	13 %	107,512	119,275	(10 %)	113,750	5 %
Cost of gas sold	347.9	519.6	(33 %)	441.1	18 %					
Margins	$177.4	$190.8	(7 %)	$189.1	1 %					

(a) Reflects the % change from 2008 to 2009. (b) Reflects the % change from 2007 to 2008.

2009 vs. 2008 Summary - Gas margins decreased $13 million, or 7%, in 2009, primarily due to an estimated $7 million reduction in gas margins from changes in the net impacts of weather conditions and Alliant Energy's weather hedging activities, and the impact of WPL's 2009 retail gas rate decrease effective in January 2009 that reduced WPL's gas revenues in 2009 by $4 million.

2008 vs. 2007 Summary - Gas margins increased $2 million, or 1%, in 2008, primarily due to an estimated $11 million increase in gas margins from changes in the net impacts of weather conditions and Alliant Energy's weather hedging activities. This item was partially offset by $5 million of gains in 2007 from WPL's performance-based gas commodity cost recovery program (benefits were allocated between ratepayers and WPL) and a decrease in weather-normalized retail residential sales largely due to the negative impacts high natural gas prices and the slowing economy in 2008 had on customer demand during such period.

Natural Gas Cost Recoveries - In 2009 and 2008, Alliant Energy's cost of gas sold decreased $172 million, or 33%, and increased $79 million, or 18%, respectively. The 2009 decrease was primarily due to a decrease in Dths sold to retail customers and a decrease in natural gas prices. The 2008 increase was primarily due to an increase in natural gas prices and an increase in Dths sold to retail customers. Due to Alliant Energy's rate recovery mechanisms for natural gas costs, these changes in cost of gas sold resulted in comparable changes in gas revenues and, therefore, did not have a significant impact on gas margins. Refer to Note 1(h) of Alliant Energy's "Notes to Consolidated Financial Statements" for additional information relating to natural gas cost recoveries.

Impacts of Weather Conditions - Estimated increases (decreases) to Alliant Energy's gas margins from the net impacts of weather and Alliant Energy's weather hedging activities were as follows (in millions):

	2009	2008	2007
Weather impacts on demand compared to normal weather	$3	$12	$--
Losses from weather derivatives (a)	(3)	(5)	(4)
Net weather impact	$--	$7	$(4)

(a) Recorded in "Transportation/other" revenues in the above table.

Alliant Energy's gas sales demand follows a seasonal pattern with an annual base load of gas and a large heating peak occurring during the winter season. HDD data is used to measure the variability of temperatures during winter months

and is correlated with gas sales demand. HDD in Alliant Energy's service territories were as follows:

HDD (a):	Actual 2009	Actual 2008	Actual 2007	Normal (a)
Cedar Rapids, Iowa (IPL)	7,074	7,636	6,815	6,732
Madison, Wisconsin (WPL)	7,356	7,714	6,935	7,095

(a) HDD 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 HDD.

Alliant Energy periodically utilizes weather derivatives based on HDD to reduce the potential volatility on its gas margins during the winter months of November through March.

Performance-based Gas Commodity Recovery Program - In 2007, 35% of all gains and losses from WPL's gas performance incentive sharing mechanism were retained by WPL, with 65% refunded to or recovered from customers. Effective Nov. 1, 2007, WPL's gas performance incentive sharing mechanism was terminated and replaced with a modified one-for-one pass through of gas costs. WPL's performance-based gas commodity recovery program resulted in gains which increased gas margins by $5 million in 2007. Refer to Note 1(h) of Alliant Energy's "Notes to Consolidated Financial Statements" for additional details of the gas commodity recovery program implemented in November 2007.

Refer to "Rate Matters" for discussion of various electric and gas rate filings including anticipated rate filings in 2010.

Utility Other Revenues - Changes in utility other revenues were largely offset by related changes in utility other operation and maintenance expenses.

2009 vs. 2008 Summary - Other revenues for the utilities decreased $9 million in 2009, primarily due to $5 million of lower steam revenues at IPL. IPL's steam revenues were higher than normal during the second half of 2008 due to higher rates charged to steam customers for operating the temporary steam generating systems (natural gas-fired package boilers and water treatment systems) used to resume steam service after its Prairie Creek and Sixth Street Generating Stations were shut down due to severe flooding in 2008. In the second quarter of 2009, IPL announced its decision to discontinue providing steam service within the next 12 months to the portion of its steam customers located in downtown Cedar Rapids, Iowa.

2008 vs. 2007 Summary - Other revenues for the utilities increased $30 million in 2008, primarily due to higher steam revenues at IPL and $7 million of higher coal sales by IPL in 2008. IPL's steam revenues increased $20 million largely due to the recovery of incremental leasing and fuel costs incurred to resume steam production and service in Cedar Rapids, Iowa after its Prairie Creek and Sixth Street Generating Stations were shut down due to the severe flooding that occurred in 2008.

Non-regulated Revenues - Alliant Energy's non-regulated revenues were as follows (in millions):

	2009	2008	2007
RMT	$294	$397	$263
Transportation	35	36	32
Non-regulated Generation	7	25	27
Other	3	--	3
	$339	$458	$325

2009 vs. 2008 Summary - The decreased RMT revenues were primarily caused by reduced demand for construction management services for large wind generation projects in 2009. These decreases in revenues were largely offset by lower costs incurred by RMT to manage large wind generation projects, which are included in non-regulated operation and maintenance expenses. The demand for services from RMT's WindConnect® business is impacted by various external factors, including the availability and amount of government incentives for wind projects, the number and scope of state-imposed renewable portfolio standards and the availability and cost of capital to fund capital expenditures for wind projects. The ARRA enacted in February 2009 extended incentives to wind projects completed by Dec. 31, 2012.

The decreased Non-regulated Generation revenues were primarily due to $9 million of lower revenues generated by the Neenah Energy Facility as a result of the sale of the facility to WPL on June 1, 2009 and $6 million of revenues generated from demand for temporary generation projects during 2008 as a result of the flooding in Cedar Rapids, Iowa in 2008.

2008 vs. 2007 Summary - The increased RMT revenues were primarily due to higher revenues earned by its WindConnect® business on large construction management projects related to wind projects. These increased revenues were largely offset by increased costs incurred by RMT for the large construction management projects included in non-regulated operation and maintenance expenses.

The decreased Non-regulated Generation revenues were primarily due to $8 million of lower revenues generated by the Neenah Energy Facility due to a change in PPAs effective June 1, 2008. This item was partially offset by $6 million of revenues generated from demand for temporary generation projects in 2008 as a result of the flooding in Cedar Rapids, Iowa in 2008. The $6 million of increased revenues from the temporary generation projects were offset by a comparable increase in costs included in non-regulated operation and maintenance expenses.

Electric Transmission Service Expenses -
2009 vs. 2008 Summary - Alliant Energy's electric transmission service expense for the utilities increased $43 million in 2009, primarily due to $45 million of higher expenses billed to IPL from ITC in 2009, resulting from increased rates effective in January 2009.

2008 vs. 2007 Summary - Alliant Energy's electric transmission service expenses for the utilities increased $89 million in 2008, primarily due to $77 million of charges at IPL incurred in 2008 for transmission services provided by ITC following the sale of IPL's electric transmission assets to ITC in December 2007 and $12 million of increased electric transmission services at WPL primarily due to increased electric transmission rates billed to WPL by ATC. The electric transmission-related charges from ITC were partially offset by electric transmission-related operating expenses incurred in 2007 including operation and maintenance expenses, depreciation and amortization expenses and taxes other than income taxes, as well as the positive impacts on earnings from the application of the sale proceeds

Refer to "Other Matters - Other Future Considerations" for discussion of material increases in electric transmission service expenses at IPL anticipated in 2010 resulting from increased transmission rates proposed by ITC. Refer to Notes 1(b) and 1(h) of Alliant Energy's "Notes to Consolidated Financial Statements" for additional information relating to recovery of electric transmission service expenses.

Utility Other Operation and Maintenance Expenses -
2009 vs. 2008 Summary - Alliant Energy's other operation and maintenance expenses for the utilities decreased $21 million, due to the following reasons (amounts represent variances between 2009 and 2008 in millions):

Alliant

	Energy	IPL	WPL
Incremental expenses incurred in 2008 related to severe flooding	$(29)	$(29)	$--
Deferral of retail pension and other benefits costs in 2009 (a)	(12)	--	(12)
Lower electric generation maintenance expenses (b)	(10)	(10)	--
Lower steam fuel, operation and maintenance expenses (c)	(9)	(9)	--
Lower incentive-related compensation (d)	(6)	(3)	(3)
Regulatory-related credits in 2009 related to 2008 flood costs (a)	(4)	(4)	--
Regulatory-related charges in 2008 related to Nelson Dewey #3 project (a)	(4)	--	(4)
Higher pension and other postretirement benefits costs (e)	33	18	15
Restructuring charges in 2009 (f)	11	4	7
Regulatory-related charges in 2009 related to Nelson Dewey #3 project (a)	11	--	11
Incremental expenses incurred in 2009 related to severe flooding (g)	7	7	--
Higher energy conservation expenses (h)	5	5	--
Charges in 2009 related to a settlement with Sutherland #4 joint partners (i)	4	4	--
Loss contingency reserve in 2009 for Cash Balance Plan lawsuit (j)	4	2	2
Steam asset impairment in 2009 (k)	4	4	--
Other (includes impact of cost saving initiatives) (l)	(26)	(12)	(14)
	$(21)	$(23)	$2

(a) Refer to Note 1(b) of Alliant Energy's "Notes to Consolidated Financial Statements" for details of WPL's deferral of pension and benefits costs in 2009 and the regulatory-related charges and credits related to the Nelson Dewey #3 project and flood-related costs incurred in 2008.

(b) Primarily due to several planned maintenance outages in 2008.

(c) Resulting from the additional costs incurred by IPL in 2008 to operate the temporary steam generating systems used to resume service after its Prairie Creek and Sixth Street Generating Stations were shut down due to severe flooding.

(d) Resulting from lower performance levels in 2009 relative to the earnings and total shareowner return metrics established within incentive plans.

(e) Net of the portion allocated to capital projects and resulted from increased amortization of actuarial losses and lower expected return on plan assets caused by significant decreases in plan assets in 2008.

(f) Related to the elimination of certain corporate and operations positions, which Alliant Energy estimates will have the impact of decreasing its annual salary costs by approximately $16 million ($7 million at IPL and $9 million at WPL).

(g) Primarily related to operating expenditures required to restore operations at IPL's Prairie Creek Generating Station that were not reimbursed under Alliant Energy's property insurance policy.

(h) Changes in energy conservation expenses were largely offset by changes in energy conservation revenues.

(i) Refer to Note 12(g) of Alliant Energy's "Notes to Consolidated Financial Statements" for details.

(j) Refer to Note 12(c) of Alliant Energy's "Notes to Consolidated Financial Statements" for details.

(k) Related to IPL's steam assets as a result of a decision in 2009 to discontinue providing steam service to the portion of its steam customers located in downtown Cedar Rapids, Iowa.

(l) IPL and WPL implemented several cost saving initiatives in 2009 to reduce other operation and maintenance expenses, including, but not limited to, an elimination of certain corporate and operations positions, a mandatory one-week furlough for all non-bargaining and certain bargaining unit employees in 2009 and suspension of a portion of 401(k) Savings Plan contributions by Alliant Energy for the second half of 2009.

2008 vs. 2007 Summary - Other operation and maintenance expenses for the utilities increased $25 million in 2008, due to the following reasons (amounts represent variances between 2008 and 2007 in millions):

	Alliant Energy	IPL	WPL
Incremental expenses incurred in 2008 related to severe flooding (a)	$29	$29	$--
Higher fuel costs for steam production (b)	21	21	--
Higher electric generation planned outage costs (c)	8	8	--
Higher employee health care costs (primarily due to higher claims)	8	3	5
Higher expenses related to coal sales	4	4	--
Higher bad debt expenses (primarily due to economic conditions)	4	3	1
Regulatory-related charges in 2008 related to Nelson Dewey #3 project	4	--	4
Lower regulatory liability amortizations	3	--	3
Lower incentive-related compensation expenses (d)	(17)	(10)	(7)
Lower pension and other postretirement benefits expenses (e)	(16)	(9)	(7)
Electric transmission expenses at IPL in 2007 (prior to sale) (f)	(10)	(10)	--
Incremental expenses incurred in 2007 related to winter storms (g)	(9)	(9)	--
Lower sale of accounts receivable expenses (h)	(5)	(5)	--
Regulatory-related charge in 2007	(4)	--	(4)
Other	5	4	1
	$25	$29	$(4)

(a) Primarily due to operating expenditures required to restore operations and impairments of assets impacted by the flooding that were not reimbursed under Alliant Energy's property insurance policy.

(b) Primarily due to incremental fuel costs incurred in 2008 to resume steam production and service in Cedar Rapids, Iowa after IPL's Prairie Creek and Sixth Street Generating Stations were shut down due to the severe flooding.

(c) Primarily due to repairs and maintenance costs for IPL's Sutherland and M.L. Kapp Generating Stations in 2008.

(d) Resulting from higher performance levels in 2007 relative to the earnings and total shareowner return metrics established within incentive plans.

(e) Primarily due to a reduction in the amortization of actuarial losses and the impact of higher funding levels of the qualified pension plans at the measurement date of Sep. 30, 2007.

(f) Expenses incurred prior to the sale of IPL's electric transmission assets in December 2007.

(g) Includes expenditures to restore operations of IPL's electric transmission and distribution system in its Iowa and Minnesota service territories.

(h) Largely due to IPL's use of a portion of the proceeds from the sale of its electric transmission assets to reduce its level of accounts receivable sales in December 2007.

Refer to "Other Matters - Other Future Considerations" for discussion of anticipated material decreases in pension and other postretirement benefits expenses in 2010 resulting from increases in retirement plans' assets during 2009 and anticipated increases in maintenance expenses in 2010 for IPL's Whispering Willow - East wind project.

Non-regulated Operation and Maintenance Expenses - Alliant Energy's non-regulated operation and maintenance expenses were as follows (in millions):

	2009	2008	2007
RMT	$291	$370	$243
Transportation	17	19	16
Non-regulated Generation	3	10	7
Other (includes eliminations)	3	(2)	5
	$314	$397	$271

2009 vs. 2008 Summary - The RMT variance was largely driven by lower construction management costs associated with the execution of large wind projects in 2009 and lower incentive-related compensation expenses of $8 million in 2009 resulting from the lower earnings at RMT. The Non-regulated Generation variance was largely driven by $6 million of project costs incurred in 2008 associated with temporary generation projects. The increased Other expenses were largely due to higher professional expenses incurred at the parent company in 2009.

2008 vs. 2007 Summary - The RMT variance was largely driven by higher project costs associated with the execution of large construction management projects. The Non-regulated Generation variance was largely driven by $6 million of project costs incurred in 2008 associated with temporary generation projects. The Other expenses variance was primarily due to lower incentive-related compensation expenses and increased eliminations of intercompany operating expenses.

Depreciation and Amortization Expenses -
2009 vs. 2008 Summary - Depreciation and amortization expenses increased $34 million primarily due to additional depreciation expense from the impact of property additions at IPL related to restoration activities associated with the severe flooding and the Whispering Willow - East wind project that began commercial operation in late 2009 and property additions at WPL related to its Cedar Ridge wind project that began commercial operation in late 2008, AMI placed into service in 2009 and the June 2009 acquisition of the Neenah Energy Facility. The increases were also impacted by higher depreciation rates at IPL.

2008 vs. 2007 Summary - Depreciation and amortization expenses decreased $21 million primarily due to $16 million of depreciation expense in 2007 related to IPL's electric transmission assets that were sold in December 2007, a $9 million decrease from the implementation of lower depreciation rates at WPL in 2008 as a result of a new depreciation study and lower amortization expenses from enterprise resource planning (ERP) software that became fully amortized in 2007. These items were partially offset by additional depreciation expense from the impact of utility property additions including WPL's Cedar Ridge wind project that began commercial operation in late 2008.

Taxes other than Income Taxes -
2008 vs. 2007 Summary - Taxes other than income taxes decreased $6 million in 2008, primarily due to $6 million of property tax expense in 2007 related to IPL's electric transmission assets that were sold in December 2007.

Refer to "Rate Matters" for discussion of the interplay between utility operating expenses and utility margins given their impact on Alliant Energy's rate activities.

Gain on Sale of IPL's Electric Transmission Assets - The sale of IPL's electric transmission assets in December 2007 resulted in a pre-tax gain of $219 million in 2007. The gain reflected the net proceeds from the sale less the net assets sold and a regulatory liability established pursuant to an IUB order. Refer to Note 22 of Alliant Energy's "Notes to Consolidated Financial Statements" for additional details of the sale of IPL's electric transmission assets.

Interest Expense -
2009 vs. 2008 Summary - Alliant Energy's interest expense increased $29 million due to the following reasons (amounts represent variances between 2009 and 2008 in millions):

	Alliant Energy	IPL	WPL
Interest expense variances from certain issuances of long-term debt:			

WPL's 7.6% debentures issued in October 2008	$ 15	$ --	$ 15
IPL's 7.25% senior debentures issued in October 2008	14	14	--
IPL's 6.25% senior debentures issued in July 2009	9	9	--
WPL's 5% debentures issued in July 2009	6	--	6
Alliant Energy's 4% senior notes issued in October 2009	3	--	--
Interest expense variances from certain reductions in long-term debt:			
IPL's 6.625% senior debentures retired in August 2009	(4)	(4)	--
WPL's 5.7% debentures retired in October 2008	(3)	--	(3)
Corporate Services 4.55% senior notes retired in October 2008	(3)	--	--
Alliant Energy's Exchangeable Senior Notes retired in 2009	(3)	--	--
Other (includes impact of lower commercial paper interest rates)	(5)	(4)	(5)
	$ 29	$ 15	$ 13

2008 vs. 2007 Summary - Alliant Energy's interest expense increased $9 million due to the following reasons (amounts represent variances between 2008 and 2007 in millions):

	Alliant Energy	IPL	WPL
Interest expense variances from certain issuances of long-term debt:			
WPL's 6.375% debentures issued in August 2007	$ 12	$ --	$ 12
WPL's 7.6% debentures issued in October 2008	5	--	5
IPL's 7.25% senior debentures issued in October 2008	4	4	--
Interest expense variances from certain reductions in long-term debt:			
WPL's 5.7% debentures retired in October 2008	(1)	--	(1)
Corporate Services 4.55% senior notes retired in October 2008	(1)	--	--
WPL's 7% debentures retired in June 2007	(3)	--	(3)
IPL's 6% collateral trust bonds retired in November 2007	(3)	(3)	--
IPL's 6.875% collateral trust bonds retired in May 2007	(1)	(1)	--
Resources' credit facility related to Alliant Energy Neenah retired in March 2007	(1)	--	--
Other (includes impact of lower average short-term debt outstanding)	(2)	(2)	--
	$ 9	$ (2)	$ 13

Loss on Early Extinguishment of Debt - Refer to Note 8(b) of Alliant Energy's "Notes to Consolidated Financial Statements" for information on $203 million of pre-tax losses incurred in 2009 related to the repurchase of Alliant Energy's Exchangeable Senior Notes due 2030.

Equity Income from Unconsolidated Investments -
2009 vs. 2008 Summary - Equity income from unconsolidated investments increased $3 million in 2009, primarily due to $4 million of higher equity income from ATC largely due to the impacts of increased transmission rates billed by ATC.

2008 vs. 2007 Summary - Equity income from unconsolidated investments increased $4 million in 2008, primarily due to $5 million of higher equity income from ATC largely due to the impacts of increased transmission rates billed by ATC.

Refer to Note 9(a) of Alliant Energy's "Notes to Consolidated Financial Statements" for a breakdown of Alliant Energy's equity income from unconsolidated investments.

AFUDC -

2009 vs. 2008 Summary - AFUDC increased $15 million in 2009, primarily due to $14 million of higher AFUDC recognized in 2009 as compared to 2008 for IPL's Whispering Willow - East wind project. The increase was also due to AFUDC recognized in 2009 on capital projects related to restoration activities at IPL associated with the severe flooding in 2008 and WPL's Bent Tree - Phase I wind project. These items were partially offset by AFUDC recognized in 2008 related to the construction of WPL's Cedar Ridge wind project.

2008 vs. 2007 Summary - AFUDC increased $17 million in 2008, primarily due to AFUDC recognized in 2008 related to the construction of WPL's Cedar Ridge wind project and IPL's Whispering Willow - East wind project.

Interest Income and Other -
2009 vs. 2008 Summary - Interest income and other decreased $14 million in 2009, primarily due to $15 million of lower interest income caused by lower average balances of cash and cash equivalents and lower interest rates on money market fund investments in 2009 compared to 2008.

2008 vs. 2007 Summary - Interest income and other increased $3 million in 2008, primarily due to $7 million of increased interest income caused by higher average balances of cash and cash equivalents in 2008 as compared to 2007 as a result of proceeds received from the sale of IPL's electric transmission assets in December 2007. This item was partially offset by a $4 million pre-tax gain realized from the sale of an investment in 2007.

Refer to Notes 1(d) and 1(l) of Alliant Energy's "Notes to Consolidated Financial Statements" for additional information regarding Alliant Energy's cash and cash equivalents and interest income and other, respectively.

Income Taxes - The effective income tax rates for Alliant Energy's continuing operations were (7.7%), 31.9% and 36.6% for 2009, 2008 and 2007, respectively.

2009 vs. 2008 Summary - The decrease in the effective income tax rate was primarily due to $40 million of income tax benefits recognized in 2009 related to the net impacts of SB 62 enacted in February 2009 and a decision by management to allow WPL to do business in Iowa in order to take advantage of efficiencies that will likely be available as a result of IPL and WPL sharing resources and facilities and $4 million of production tax credits in 2009 from the Cedar Ridge wind project that began commercial operation in late 2008. These items were partially offset by $12 million of income tax benefits recorded in 2008 as a result of finalizing the audit of Alliant Energy's U.S. federal income tax returns for calendar years 2002 through 2004 and recording known adjustments for the tax returns for calendar years 2005 through 2007.

2008 vs. 2007 Summary - The decrease in the effective income tax rate was primarily due to the impact of income tax expense related to the gain on sale of IPL's electric transmission assets in 2007, $12 million of income tax benefits recorded in 2008 related to the impact of reaching a settlement with the Internal Revenue Service (IRS) in 2008 regarding the audit of Alliant Energy's U.S. federal income tax returns for calendar years 2002 through 2004 and recording known adjustments for the tax returns for calendar years 2005 through 2007, and other changes in the impacts of property related differences for which deferred tax expense is not recorded pursuant to Iowa rate making principles. These items were partially offset by a $6 million reversal of deferred tax asset valuation allowances in 2007 related to changes in Alliant Energy's anticipated ability to utilize capital losses prior to their expiration, $4 million of income tax benefits recorded in 2007 as a result of reaching a settlement with the IRS in 2007 regarding the audits of Alliant Energy's U.S. federal income tax returns for calendar years 1999 through 2001 and recording known adjustments for the tax returns for calendar years 2002 through 2006, deferred tax rate changes as a result of estimated higher state income tax rates from apportionment changes anticipated in the future, a reserve recorded at WPL in 2008 for a tax-related regulatory asset and lower manufacturing production deductions in 2008.

Refer to Note 5 of Alliant Energy's "Notes to Consolidated Financial Statements" for additional information regarding its effective income tax rates. Refer to "Other Matters - Other Future Considerations" for discussion of production tax credits for wind projects, which may impact future effective income tax rates.

Income from Discontinued Operations, Net of Tax - Refer to Note 17 of Alliant Energy's "Notes to Consolidated Financial Statements" for discussion of Alliant Energy's discontinued operations.

IPL'S RESULTS OF OPERATIONS

Overview - Earnings available for common stock increased $11 million in 2009 and decreased $149 million in 2008. The 2009 increase was primarily due to a lower effective income tax rate, the impact of the severe flooding on electric margins and operating expenses in 2008 and the impact of the interim rate increase implemented in March 2009. These items were partially offset by lower electric sales resulting from cool summer weather and economic conditions in 2009 and higher operating expenses. The 2008 decrease was primarily due to an after-tax gain of $123 million from the sale of IPL's electric transmission assets in 2007 and lower electric margins and higher operating expenses caused by the severe flooding in 2008.

Electric Margins - Electric margins are defined as electric operating revenues less electric production fuel, energy purchases and purchased electric capacity expenses. Management believes that electric margins provide a more meaningful basis for evaluating utility operations than electric operating revenues since electric production fuel, energy purchases and purchased electric capacity expenses are generally passed through to customers, and therefore, result in changes to electric operating revenues that are comparable to changes in electric production fuel, energy purchases and purchased electric capacity expenses. Electric margins and MWh sales for IPL were as follows:

	Revenues and Costs (dollars in millions)					MWhs Sold (MWhs in thousands)				
	2009	2008	(a)	2007	(b)	2009	2008	(a)	2007	(b)
Residential	$ 478.9	$ 455.2	5 %	$ 451.2	1 %	4,113	4,218	(2 %)	4,204	--
Commercial	336.8	319.4	5 %	316.2	1 %	3,851	3,911	(2 %)	3,912	--
Industrial	412.5	407.0	1 %	402.0	1 %	6,829	7,742	(12%)	7,750	--
Retail subtotal	1,228.2	1,181.6	4 %	1,169.4	1 %	14,793	15,871	(7 %)	15,866	--
Sales for resale:										
Wholesale	23.5	23.4	--	21.3	10 %	403	449	(10%)	406	11 %
Bulk power and other	37.3	21.1	77 %	42.2	(50%)	901	682	32 %	1,581	(57%)
Other (includes wheeling)	26.6	32.2	(17%)	37.2	(13%)	84	90	(7 %)	93	(3 %)
Total revenues/sales	1,315.6	1,258.3	5 %	1,270.1	(1 %)	16,181	17,092	(5 %)	17,946	(5 %)
Electric production fuel expense	227.9	249.4	(9 %)	308.9	(19%)					
Energy purchases expense	212.2	159.5	33 %	96.4	65 %					
Purchased electric capacity expense	136.5	140.6	(3 %)	132.3	6 %					

Margins	$ 739.0	$ 708.8	4	%	$ 732.5	(3	%)	

(a) Reflects the % change from 2008 to 2009. (b) Reflects the % change from 2007 to 2008.

2009 vs. 2008 Summary - Electric margins increased $30 million, or 4%, in 2009, primarily due to the impact of IPL's 2009 interim retail rate increase effective in March 2009, which increased IPL's electric revenues by $62 million in 2009, an estimated $10 million reduction in electric margins in 2008 from the loss of retail sales during electric service outages caused by the severe flooding in IPL's service territory in 2008, $6 million of incremental purchased electric capacity expenses in 2008 resulting from the severe flooding, $5 million of higher energy conservation revenues and a $4 million regulatory-related credit recorded by IPL in 2009 related to IUB approval to recover electric capacity expenses incurred in 2008 related to the severe flooding. These items were partially offset by an estimated $21 million reduction in electric margins from changes in the net impacts of weather conditions and IPL's weather hedging activities, a decrease in weather-normalized sales volumes, a $9 million reduction in electric margins from the impact of IPL's annual adjustments to unbilled revenue estimates and $6 million of higher purchased electric capacity expenses related to the DAEC PPA. The decrease in weather-normalized retail sales volumes was largely due to a 12% decrease in industrial sales caused by reduced sales to two of IPL's larger industrial customers who transitioned to their own cogeneration facilities in 2009 and plant closures and shift reductions as a result of economic conditions in 2009.

2008 vs. 2007 Summary - Electric margins decreased $24 million, or 3%, in 2008, primarily due to $12 million of lower wheeling revenues resulting from the sale of electric transmission assets in December 2007, an estimated $10 million reduction in electric margins during 2008 due to the loss of retail sales during electric service outages caused by the severe flooding in IPL's service territory in 2008, an estimated $8 million reduction in electric margins from changes in the net impacts of weather conditions and IPL's weather hedging activities and $6 million of incremental purchased electric capacity expenses in 2008 resulting from the severe flooding. These items were partially offset by a $5 million impact from changes in IPL's annual adjustments to unbilled revenue estimates, the loss of retail sales during electric service outages caused by the winter storms in 2007 and an increase in weather-normalized sales partially due to the impacts of increased industrial sales to ethanol production facilities in IPL's service territory.

Impacts of Weather Conditions (excluding the impacts of severe flooding and winter storms in IPL's service territory) - Estimated increases (decreases) to IPL's electric margins from the net impacts of weather and IPL's weather hedging activities were as follows (in millions):

	2009	2008	2007
Weather impacts on demand compared to normal weather	$(25)	$(10)	$4
Gains (losses) from weather derivatives (a)	(2)	4	(2)
Net weather impact	$(27)	$(6)	$2

(a) Recorded in "Other" revenues in the above table.

Refer to "Alliant Energy's Results of Operations - Utility Electric Margins" for details of IPL's CDD data and discussion of the impacts on IPL's electric margins of weather conditions, recoveries of electric production fuel and energy purchases expenses, details of IPL's purchased electric capacity expenses, IPL's annual adjustments to unbilled revenue estimates, impacts of severe weather on IPL's retail electric sales in 2008, IPL's sale of its Illinois electric distribution properties in February 2007 and wholesale energy market transactions. Refer to "Other Matters - Other Future Considerations" for discussion of electric sales projections expected to be influenced by economic conditions, new cogeneration facilities constructed by two of IPL's industrial customers and ethanol production facilities in IPL's service territory.

Gas Margins - Gas margins are defined as gas operating revenues less cost of gas sold. Management believes that gas margins provide a more meaningful basis for evaluating utility operations than gas operating revenues since cost of gas sold are generally passed through to customers, and therefore, result in changes to gas operating revenues that are comparable to changes in cost of gas sold. Gas margins and Dth sales for IPL were as follows:

	Revenues and Costs (dollars in millions)						Dths Sold (Dths in thousands)					
	2009	2008	(a)	2007	(b)		2009	2008	(a)	2007	(b)	
Residential	$168.6	$219.3	(23 %)	$203.4	8	%	16,072	18,110	(11 %)	16,541	9	%
Commercial	100.8	137.3	(27 %)	115.0	19	%	11,451	13,099	(13 %)	11,080	18	%
Industrial	25.0	40.4	(38 %)	31.2	29	%	3,787	4,539	(17 %)	3,811	19	%
Retail subtotal	294.4	397.0	(26 %)	349.6	14	%	31,310	35,748	(12 %)	31,432	14	%
Interdepartmental	2.9	2.2	32 %	2.6	(15	%)	474	217	118 %	327	(34	%)
Transportation/other	11.5	11.2	3 %	12.3	(9	%)	29,924	34,776	(14 %)	34,433	1	%
Total revenues/sales	308.8	410.4	(25 %)	364.5	13	%	61,708	70,741	(13 %)	66,192	7	%
Cost of gas sold	209.8	306.0	(31 %)	266.1	15	%						
Margins	$99.0	$104.4	(5 %)	$98.4	6	%						

(a) Reflects the % change from 2008 to 2009. (b) Reflects the % change from 2007 to 2008.

2009 vs. 2008 Summary - Gas margins decreased $5 million, or 5%, in 2009, primarily due to an estimated $5 million reduction in gas margins from the changes in the net impacts of weather conditions and IPL's weather hedging activities.

2008 vs. 2007 Summary - Gas margins increased $6 million, or 6%, in 2008, primarily due to an estimated $6 million increase in gas margins from changes in the net impacts of weather conditions and IPL's weather hedging activities.

Impacts of Weather Conditions - Estimated increases (decreases) to IPL's gas margins from the net impacts of weather and IPL's weather hedging activities were as follows (in millions):

	2009	2008	2007
Weather impacts on demand compared to normal weather	$2	$8	$1
Losses from weather derivatives (a)	(2)	(3)	(2)
Net weather impact	$--	$5	$(1)

(a) Recorded in "Transportation/other" revenues in the above table.

Refer to "Alliant Energy's Results of Operations - Utility Gas Margins" for details of IPL's HDD data and discussion of the impacts on IPL's gas margins of recoveries of natural gas costs.

Refer to "Rate Matters" for discussion of IPL's electric rate filings including anticipated rate filings in 2010.

Steam and Other Revenues - Changes in steam and other revenues were largely offset by related changes in other operation and maintenance expenses.

2009 vs. 2008 Summary - Steam and other revenues decreased $6 million in 2009, primarily due to $5 million of lower steam revenues. IPL's steam revenues were higher than normal during the second half of 2008 due to higher rates charged to steam customers for operating the temporary steam generating systems used to resume steam service after its Prairie Creek and Sixth Street Generating Stations were shut down due to severe flooding in 2008. In the second quarter of 2009, IPL announced its decision to discontinue providing steam service within the next 12 months to the portion of its steam customers located in downtown Cedar Rapids, Iowa.

2008 vs. 2007 Summary - Steam and other revenues increased $28 million in 2008, primarily due to higher steam revenues and $7 million of higher coal sales in 2008. IPL's steam revenues increased $20 million in 2008, largely due

to the recovery of incremental leasing and fuel costs incurred to resume steam production and service in Cedar Rapids, Iowa after its Prairie Creek and Sixth Street Generating Stations were shut down due to the severe flooding that occurred in 2008.

Electric Transmission Service Expenses -
2009 vs. 2008 Summary - Electric transmission service expense increased $42 million in 2009, primarily due to $45 million of higher expenses billed from ITC resulting from increased rates effective in January 2009.

2008 vs. 2007 Summary - Electric transmission service expense increased $77 million in 2008, primarily due to $77 million of charges incurred in 2008 for transmission services provided by ITC following the sale of IPL's electric transmission assets to ITC in December 2007. The electric transmission-related charges from ITC were partially offset by electric transmission-related operating expenses incurred in 2007 including operation and maintenance expenses, depreciation and amortization expenses and taxes other than income taxes, as well as the positive impacts on earnings from the application of the sale proceeds.

Refer to "Other Matters - Other Future Considerations" for discussion of material increases in electric transmission service expenses anticipated in 2010 resulting from increased transmission rates by ITC.

Other Operation and Maintenance Expenses -
2009 vs. 2008 Summary - Other operation and maintenance expenses decreased $23 million in 2009, primarily due to $29 million of incremental expenses incurred in 2008 related to severe flooding, $10 million of lower electric generation maintenance expenses caused by planned maintenance outages in 2008, $9 million of lower steam fuel, operation and maintenance expenses, $4 million of regulatory-related credits recorded in 2009 related to 2008 flood costs, $3 million of lower incentive-related compensation expenses and lower expenses resulting from cost saving initiatives implemented in 2009. These items were partially offset by $18 million of higher pension and other postretirement benefits costs, $7 million of incremental expenses incurred in 2009 related to the severe flooding that occurred in 2008, $5 million of higher energy conservation expenses, $4 million of restructuring charges incurred in 2009 related to the elimination of certain corporate and operations positions, a $4 million asset impairment charge recorded in 2009 for the steam assets used to serve steam customers in downtown Cedar Rapids, Iowa, a $4 million charge in 2009 related to a settlement with joint partners of the Sutherland #4 project and a $2 million loss contingency reserve recorded in 2009 related to the Alliant Energy Cash Balance Pension Plan lawsuit.

2008 vs. 2007 Summary - Other operation and maintenance expenses increased $29 million in 2008, primarily due to $29 million of incremental expenses related to the severe flooding in 2008 including operating expenditures required to restore operations and impairments of assets impacted by the flooding that were not reimbursed under IPL's property insurance policy and $21 million of higher fuel costs for steam production due to incremental fuel costs incurred to resume steam production and service in Cedar Rapids, Iowa after its Prairie Creek and Sixth Street Generating Stations were shut down. The increase was also due to $8 million of higher electric generation planned outage costs, $4 million of higher expenses related to coal sales, $3 million of higher employee health care costs and $3 million of higher bad debt expenses due to economic conditions. These items were partially offset by $10 million of electric transmission operating and maintenance expenses incurred in 2007 prior to the sale of IPL's electric transmission assets, $10 million of lower incentive-related compensation expenses, $9 million of lower pension and other postretirement benefits expenses, $9 million of incremental expenses associated with winter storms in 2007 and $5 million of lower sales of accounts receivable expenses.

Refer to "Other Matters - Other Future Considerations" for discussion of anticipated material decreases in pension and other postretirement benefits expenses in 2010 resulting from increases in retirement plans' assets during 2009 and

anticipated increases in maintenance expenses in 2010 for IPL's Whispering Willow - East wind project.

Depreciation and Amortization Expenses -
2009 vs. 2008 Summary - Depreciation and amortization expenses increased $22 million in 2009, primarily due to additional depreciation expense from the impact of property additions and higher depreciation rates. The increased property additions were primarily related to restoration activities associated with the severe flooding in 2008 and the IPL's Whispering Willow - East wind project that began commercial operation in late 2009.

2008 vs. 2007 Summary - Depreciation and amortization expenses decreased $12 million in 2008, primarily due to $16 million of depreciation expense in 2007 related to IPL's electric transmission assets that were sold in December 2007 and lower amortization expenses from ERP software that became fully amortized in 2007. These items were partially offset by additional depreciation expense from the impact of property additions.

Taxes Other than Income Taxes -
2009 vs. 2008 Summary - Taxes other than income taxes decreased $4 million in 2009, primarily due to lower property tax expense.

2008 vs. 2007 Summary - Taxes other than income taxes decreased $7 million in 2008, primarily due to $6 million of property tax expense in 2007 related to IPL's electric transmission assets that were sold in December 2007.

Refer to "Rate Matters" for discussion of the interplay between utility operating expenses and utility margins given their impact on IPL's utility rate activities.

Gain on Sale of IPL's Electric Transmission Assets - The sale of IPL's electric transmission assets in December 2007 resulted in a pre-tax gain of $219 million in 2007. The gain reflected the net proceeds from the sale less the net assets sold and a regulatory liability established pursuant to an IUB order. Refer to Note 22 of Alliant Energy's "Notes to Consolidated Financial Statements" for additional details of the sale of IPL's electric transmission assets.

Interest Expense -
2009 vs. 2008 Summary - Interest expense increased $15 million in 2009, primarily due to interest expense from IPL's issuances of 7.25% senior debentures in October 2008 and 6.25% senior debentures in July 2009. These items were partially offset by the impact of IPL's 6.625% senior debentures retired in August 2009 and the impact of lower interest rates on commercial paper borrowings in 2009 compared to 2008.

2008 vs. 2007 Summary - Interest expense decreased $2 million in 2008, primarily due to long-term debt retirements in 2007 and lower average short-term debt outstanding during 2008. These items were partially offset by the impact of IPL's 7.25% senior debentures issued in October 2008. The lower average short-term debt outstanding during 2008 was primarily due to IPL using a portion of the proceeds from the sale of its electric transmission assets to reduce short-term debt in December 2007.

Refer to Note 8(b) of Alliant Energy's "Notes to Consolidated Financial Statements" for discussion of IPL's long-term debt issuances and retirements.

AFUDC -
2009 vs. 2008 Summary - AFUDC increased $19 million in 2009, primarily due to $14 million of higher AFUDC recognized in 2009 for IPL's Whispering Willow - East wind project. The increase was also due to AFUDC recognized in 2009 on capital projects related to restoration activities associated with the severe flooding in 2008.

2008 vs. 2007 Summary - AFUDC increased $10 million in 2008, primarily due to AFUDC recognized in 2008 related to the construction of the Whispering Willow - East wind project.

Income Taxes - The effective income tax rates were 15.0%, 27.1% and 39.2% in 2009, 2008 and 2007, respectively.

2009 vs. 2008 Summary - The decrease in the effective income tax rate was primarily due to $33 million of income tax benefits recognized in 2009 related to the net impacts of SB 62 enacted in February 2009 and a decision by management to allow WPL to do business in Iowa in order to take advantage of efficiencies that will likely be available as a result of IPL and WPL sharing resources and facilities. These items were partially offset by $13 million of income tax benefits recorded in 2008 as a result of finalizing the audit of Alliant Energy's U.S. federal income tax returns for calendar years 2002 through 2004 and recording known adjustments for the tax returns for calendar years 2005 through 2007, and the impacts of property related differences for which deferred tax expense is not recorded pursuant to Iowa rate making principles.

2008 vs. 2007 Summary - The decrease in IPL's effective tax rate was primarily due to the impact of income tax expense related to the gain on sale of IPL's electric transmission assets in 2007, $13 million of income tax benefits recorded in 2008 related to the impact of reaching a settlement with the IRS in 2008 regarding the audit of Alliant Energy's U.S. federal income tax returns for calendar years 2002 through 2004 and recording known adjustments for the tax returns for calendar years 2005 through 2007, and other changes in the impacts of property related differences for which deferred tax expense is not recorded pursuant to Iowa rate making principles. These items were partially offset by $3 million of income tax benefits recorded in 2007 related to the impact of reaching a settlement with the IRS in 2007 regarding the audit of Alliant Energy's U.S. federal income tax returns for calendar years 1999 through 2001 and recording known adjustments for tax returns for the calendar years 2002 through 2006, reserves recorded in 2008 related to uncertain tax positions and related interest, deferred tax rate changes as a result of estimated higher state income tax rates from apportionment changes anticipated in the future and lower manufacturing production deductions in 2008.

Refer to Note 5 of IPL's "Notes to Consolidated Financial Statements" for additional information regarding changes in its effective income tax rates. Refer to "Other Matters - Other Future Considerations" for discussion of production tax credits for a wind project, which may impact future effective income tax rates.

WPL'S RESULTS OF OPERATIONS

Overview - WPL's earnings available for common stock decreased $29 million in 2009 and increased $5 million in 2008. The 2009 decrease was primarily due to lower electric sales resulting from cool summer weather and adverse economic conditions in 2009, higher depreciation expense from its Cedar Ridge wind project and the acquisition of the Neenah Energy Facility, and higher interest expense from the issuances of new debentures. The 2008 increase was primarily due to lower purchased electric capacity expenses and higher AFUDC related to the construction of WPL's Cedar Ridge wind project. These items were partially offset by higher interest expense resulting from the issuance of new debentures and gains in 2007 from WPL's performance-based gas commodity cost recovery program.

Electric Margins - Electric margins are defined as electric operating revenues less electric production fuel, energy purchases and purchased electric capacity expenses. Management believes that electric margins provide a more meaningful basis for evaluating utility operations than electric operating revenues since electric production fuel, energy purchases and purchased electric capacity expenses are generally passed through to customers, and therefore result in changes to electric operating revenues that are comparable to changes in electric production fuel, energy

purchases and purchased electric capacity expenses. Electric margins and MWh sales for WPL were as follows:

	Revenues and Costs (dollars in millions)					MWhs Sold (MWhs in thousands)				
	2009	2008	(a)	2007	(b)	2009	2008	(a)	2007	(b)
Residential	$ 389.7	$ 389.5	--	$ 396.3	(2 %)	3,419	3,446	(1 %)	3,549	(3 %)
Commercial	220.0	218.1	1 %	219.0	--	2,257	2,270	(1 %)	2,310	(2 %)
Industrial	298.2	327.7	(9 %)	329.9	(1 %)	4,119	4,748	(13 %)	4,942	(4 %)
Retail subtotal	907.9	935.3	(3 %)	945.2	(1 %)	9,795	10,464	(6 %)	10,801	(3 %)
Sales for resale:										