**ALLIANT ENERGY**
**Q2 2019 Earnings Conference Call**
**AUGUST 2, 2019**
**FINAL**

**CONFERENCE CALL OPERATOR:**

Thank you for holding, ladies and gentlemen, and welcome to Alliant Energy's second quarter 2019 earnings conference call. At this time, all lines are in a listen-only mode.

Today's conference call is being recorded. I would now like to turn the call over to your host, Susan Gille, Investor Relations Manager at Alliant Energy.

**SUSAN GILLE:**

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

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

We issued a news release last night announcing Alliant Energy's second quarter financial results and reaffirmed the consolidated 2019 earnings guidance issued in November 2018.

This release, as well as supplemental slides that will be referenced during today's call, are available on the investor's page of our website at www.alliantenergy.com.

Before we begin, I need to remind you that the remarks we make on this call and our answers to your questions include forward-looking statements. These forward-looking statements are subject to risks that could cause actual results to be materially different.

Those risks include, among others, matters discussed in Alliant Energy's press release issued last night and in our filings with the Securities and Exchange Commission. We disclaim any obligation to update these forward-looking statements.

In addition, this presentation contains references to non-GAAP financial measures. The reconciliation between non-GAAP and GAAP measures are provided in our Quarterly Report on Form 10-Q which is available on our website at www.alliantenergy.com.

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

**JOHN LARSEN:**

Thanks Sue. Good morning everyone - and thank you for joining us.

I'm first going to give you the headlines of the quarter - and then provide updates on several of our key strategic priorities. Robert will then provide details on our financial results and highlights of our regulatory schedule.

So, for the headlines:

- First, we delivered another solid quarter of financial and operating results
- Second, we are reaffirming our earnings guidance range and are trending toward delivering results in the upper half of the range.
- And third, we continue to execute according to plan on our key strategic generation and distribution investments for our customers.

We continue to make great progress as we transition to a more efficient, cleaner, and balanced energy portfolio.

In March, we placed 470 MW of wind into service for our Iowa customers. The Upland Prairie and English Farms wind additions were on-schedule and below budget, continuing our long track record of solid project execution.

These projects were also awarded Envision Platinum certification, from ISI. To earn this honor, a project must demonstrate it delivers environmental, social, and economic benefits to communities.

The Platinum level is the highest rating possible and affirms that our investments in a clean energy future, not only help us to reduce carbon emissions, but are the right thing to do for our customers and communities.

We are making nice progress with the remaining 530 MW of new wind for our Iowa customers. This will complete IPL's total planned 1,000 MW of additional renewable energy by the end of 2020.

Although we experienced some unfavorable weather this past spring, we have made adjustments and expect to deliver these projects on time and on budget.

Overall, our second quarter generation capacity factor was on par with our 5 year averages. While our coal units saw a slight decrease, our gas and newer wind units provided a balance with increased capacity factors.

Wind energy and efficient natural gas generation bring many customer benefits including reduced fuel costs, lower air emissions, and local payments that support the rural communities we have the privilege to serve.

As we continue to transition our energy mix we are building the new West Riverside Energy Center located near Beloit, Wisconsin.

This 730 megawatt highly-efficient natural gas resource is over 90 percent complete and is expected to be completed on time and on budget.

Also, we are expanding our use of solar generation, with the construction of a solar garden at the Marshalltown Generating Station. And, we are well into the process for a similar solar installation at the West Riverside Energy Center.

Solar was the focus of some new tariffs recently approved by the Public Service Commission of Wisconsin. Three new tariffs were approved that will help enable us to provide more renewable options for our customers. While not large in size, they provide opportunities to bring tailored renewable solutions to our customers.

I'll now focus on what drives Alliant Energy's success, our workforce. Many of you may have heard, or read about, a series of devastating storms that hit our Wisconsin service territory on July 19th and 20th. The storms produced 14 tornados, damaging straight line winds, and significant rainfall.

At the peak of the storm more than 30,000 of our customers were without power, with statewide totals including neighboring utilities exceeding 250,000. After the storms cleared, I am proud to share that we had 75% of our customers back online within 36 hours, with those able to take power restored soon after.

Our commitment to safety, the dedication of our teams, and the strong partnership we have with our communities and emergency response professionals are just a few of the many reasons I am proud to lead our company as CEO.

Along with these storms, July brought with it higher temperatures, resulting in increased demand. Our estimated temperature impact on electric sales for July is two cents per share.

I am pleased to report that our generating fleet operated as expected during the higher temperatures, mitigating the impact of higher fuel costs for our customers.

And finally, I'm excited to mention that next week we will launch our 2019 Corporate Sustainability Report. This report reaffirms our commitment to provide economical energy in a sustainable manner, and provides a broad view of our company's performance in the areas that are of interest to our many stakeholders.

Our everyday actions enhance the environmental, social and economic conditions of the communities we serve.

We have had the privilege of serving our customers for more than 100 years, and we look forward to continuing that tradition for decades to come.

I encourage you to review the on-line report and see how we are creating a better tomorrow for our customers, communities and investors.

To summarize, our team is committed to delivering on our financial and operational goals.

We have a great track record - and will continue to deliver results as we focus on the following:

- Continue our solid track record of project execution, completing projects on time, on budget, and in a very sustainable and safe manner.
- Advancing affordable and clean energy through smart investments in wind, solar, high-efficiency natural gas, and distribution network.
- Consistently delivering on 5 to 7 percent earnings growth guidance, and a 60 to 70 percent common dividend payout target.
- And, we will continue to manage the company to strike a balance between capital investment, operational and financial discipline, and cost impact to customers.

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

**ROBERT DURIAN**:

Thanks John. Good morning everyone.

Yesterday, we announced second quarter 2019 earnings of 40 cents per share, compared to 43 cents per share in the second quarter of 2018.

Our utilities had lower earnings year over year driven by lower electric and gas sales due to milder temperatures in the second quarter of 2019, and timing of income tax expense.

The lower earnings were partially offset by higher revenue requirements due to increasing rate base.

We have provided additional details on the earnings variance drivers for the quarter on slide 2.

Our consolidated 2019 earnings guidance continues to be a range between 2 dollars and 17 cents and 2 dollars and 31 cents per share.

The key drivers of the projected 6% growth in EPS are related to investments in our core utility business including the West Riverside Energy Center in Wisconsin and our wind expansion program in Iowa.

Increasing our wind generation portfolio and operating our highly efficient natural gas generating units at higher capacity rates are resulting in lower fuel costs for our customers.

Our second quarter production fuel and purchased power expenses dropped 20 percent when compared to the same period in 2018. This is just one example of how we are working to control costs for our customers.

Our temperature normalized electric sales through the first half of 2019 have been slightly lower than expected, primarily in our Iowa utility's industrial class. About half of the lower industrial sales in our Iowa jurisdiction are due to operations issues at some of our larger customers.

Temperature normalized retail electric sales at our Wisconsin utility have increased over 2018, including higher industrial sales from two large customers returning to normal operations after prolonged outages.

As a reminder, industrial sales earn lower margins when compared to the other retail classes, thus these changes in electric sales did not have a material impact to our earnings.

To assist with modeling our results throughout 2019, please note that the 6% projected increase in earnings for 2019 will not be recognized consistently for all four quarters this year.

First, the interim rate increase in Iowa went into effect April 1st, thus skewing the earnings growth more to the last three quarters.

Second, our Iowa utility has higher electric rates in the summer from mid-June through mid-September resulting in a higher proportion of earnings in the third quarter.

Lastly, the timing of income tax expense recognition will result in lower earnings in the first half of the year and higher earnings in the second half of the year when compared to the quarterly results in 2018.

Slide 3 has been provided to assist you in modeling the effective tax rates for our two utilities and our consolidated group for the full year 2019. We estimate a consolidated effective tax rate of 11% for 2019.

As we continue adding wind generation to our portfolio, the resulting additional PTCs are expected to result in lower effective tax rates for several years into the future.

Please see slide 4 for details of our 2019 financing plan which remains unchanged. In June, we completed the issuance of 350 million dollars of debt at our Wisconsin utility and used the proceeds to retire 250 million dollars of debt that matured in July and to reduce commercial paper outstanding.

Through July, we have completed about one third of the 400 million dollars of new common equity issuances planned for 2019 largely through exercising a portion of the forward contracts entered into at the end of 2018.

Lastly, we plan to issue up to 300 million dollars of long term debt at our Iowa utility later this year to fund our wind expansion program in Iowa.

These 2019 financing plans support our objective of maintaining capital structures at our two utilities consistent with their most recent regulatory decisions.

We expect to refresh our future capital expenditure plans and disclose our 2020 financing plans, including quantifying the 2020 new common equity needs, during our third quarter earnings call in November.

Lastly, we have included our 2019 regulatory initiatives of note on slide 5. There have been two key developments to share with you since our last quarterly earnings call.

First, our Wisconsin utility filed its retail electric fuel only rate review in June to set the fuel cost monitoring level for 2020.

Second, the rate reviews in Iowa continue to advance through their procedural schedules.

As a reminder, we filed electric and gas rate reviews in Iowa in March and implemented electric interim rates at the beginning of the second quarter.

The electric interim rate increase includes recovery of the investments in our English Farms and Upland Prairie wind projects, enhancements to our distribution network, and upgrades to customer service technologies.

A portion of the increase due to these investments has been offset with the benefits of PTCs and reduced fuel costs from the new wind projects being passed on to our customers beginning in April.

This rate review filing also included the first forward looking test year for our Iowa utility for2020. The rate review proceeding is progressing according to plan.

Yesterday, many of the fifteen intervenors in IPL's electric rate review proceeding filed direct testimony. We are still reviewing the details of the testimony.

The Iowa Business Energy Coalition's testimony and methodology appears generally consistent with how future test years are constructed and applied in other jurisdictions – although we have different viewpoints with some of their inputs and the end result.

The Office of Consumer Advocate, in contrast, has proposed a complicated and unique, phased approach, effectively applying future and historic elements within one test year, which we believe is inconsistent with the Iowa legislation.

Intervenors have raised issues with the proposed renewable energy rider, ROE and capital structure, PTC carryforwards, and other topics. Divergent viewpoints are a normal part of rate reviews and we are generally unsurprised by the intervenors' positions.

We are proud of the investments that we have made on behalf of our customers and believe in the merits of the case that we put before the Iowa Utilities Board. We look forward to working with the intervenors as the process continues.

On slide 6 we have provided the procedural schedules for the Iowa retail electric and gas dockets to help you monitor the progress of these rate reviews throughout the remainder of 2019.

Under Iowa statutes, rate reviews must generally be decided within 10 months. Therefore, we anticipate final orders in both the electric and gas reviews by year end.

We appreciate your continued interest in our company. At this time, I will turn the call back over to the operator to facilitate the question and answer session.

**CONFERENCE CALL OPERATOR:**

Thank you, Mr. Durian. At this time, the company will open up the call to questions from members of the investment community.

Alliant Energy's management will take as many questions as they can within the one-hour time frame for this morning's call.

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

(Q&A SESSION)

**CONFERENCE CALL COORDINATOR/OPERATOR:**

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

**SUSAN GILLE:**

With no more questions, this concludes our call. A replay will be available through August 9, 2019 at 888-203-1112, for US and Canada, or 719-457-0820 for international. Callers should reference conference ID 4175543 and pin 9578.

In addition, an archive of the conference call and a script of the prepared remarks made on the call will be available on the investor's section of the company's website later today.

Thank you for your continued support of Alliant Energy and feel free to contact me with any follow-up questions.

The accompanying conference call script includes forward-looking statements. These forward-looking statements can be identified as such because the statements include words such as "expect," "expected," "anticipated," "estimated," "will," "projected," "estimate," "plan," or other words of similar import. Similarly, statements that describe future financial performance, including earnings and earnings guidance, earnings growth, and plans or strategies, including our construction plans, financing plans and regulatory plans, are forward-looking statements. Such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those currently anticipated. Actual results could be affected by the following factors, among others:

- IPL's and WPL's ability to obtain adequate and timely rate relief to allow for, among other things, the recovery of and/or the return on costs, including fuel costs, operating costs, transmission costs, environmental compliance and remediation costs, deferred expenditures, deferred tax assets, tax expense, capital expenditures, and remaining costs related to electric generating units (EGUs) that may be permanently closed, earning their authorized rates of return, and the payments to their parent of expected levels of dividends;
- federal and state regulatory or governmental actions, including the impact of energy, tax, financial and health care legislation, and regulatory agency orders;

- the impact of customer- and third party-owned generation, including alternative electric suppliers, in IPL's and WPL's service territories on system reliability, operating expenses and customers' demand for electricity;
- the impact of energy efficiency, franchise retention and customer disconnects on sales volumes and margins;
- the impact that price changes may have on IPL's and WPL's customers' demand for electric, gas and steam services and their ability to pay their bills;
- the ability to utilize tax credits and net operating losses generated to date, and those that may be generated in the future, before they expire;
- the direct or indirect effects resulting from terrorist incidents, including physical attacks and cyber attacks, or responses to such incidents;
- the impact of penalties or third-party claims related to, or in connection with, a failure to maintain the security of personally identifiable information, including associated costs to notify affected persons and to mitigate their information security concerns;
- employee workforce factors, including changes in key executives, ability to hire and retain employees with specialized skills, ability to create desired corporate culture, collective bargaining agreements and negotiations, work stoppages or restructurings;
- weather effects on results of utility operations;
- issues associated with environmental remediation and environmental compliance, including compliance with all environmental and emissions permits, the Coal Combustion Residuals Rule, future changes in environmental laws and regulations, including the Environmental Protection Agency's regulations for carbon dioxide emissions reductions from new and existing fossil-fueled EGUs, and litigation associated with environmental requirements;
- the ability to defend against environmental claims brought by state and federal agencies, such as the EPA, state natural resources agencies or third parties, such as the Sierra Club, and the impact on operating expenses of defending and resolving such claims;
- continued access to the capital markets on competitive terms and rates, and the actions of credit rating agencies;
- inflation and interest rates;
- the impact of the economy in IPL's and WPL's service territories and the resulting impacts on sales volumes, margins and the ability to collect unpaid bills;
- the ability to complete construction of wind projects within the cost caps set by regulators and to meet all requirements to qualify for the full level of production tax credits;
- changes in the price of delivered natural gas, purchased electricity and coal due to shifts in supply and demand caused by market conditions and regulations;
- disruptions in the supply and delivery of natural gas, purchased electricity and coal;
- changes in the price of transmission services and the ability to recover the cost of transmission services in a timely manner;
- the direct or indirect effects resulting from breakdown or failure of equipment in the operation of electric and gas distribution systems, such as mechanical problems and explosions or fires, and compliance with electric and gas transmission and distribution safety regulations;
- issues related to the availability and operations of EGUs, including start-up risks, breakdown or failure of equipment, performance below expected or contracted levels of output or efficiency, operator error, employee safety, transmission constraints, compliance with mandatory reliability standards and risks related to recovery of resulting incremental costs through rates;
- impacts that storms or natural disasters may have on Alliant Energy's, IPL's and WPL's operations and recovery of costs associated with restoration activities, or on the operations of Alliant Energy's investments;
- any material post-closing adjustments related to any past asset divestitures, including the sales of IPL's Minnesota electric and natural gas assets, and Whiting Petroleum Corporation, which could result from, among other things, indemnification agreements, warranties, parental guarantees or litigation;
- Alliant Energy's ability to sustain its dividend payout ratio goal;
- changes to costs of providing benefits and related funding requirements of pension and other postretirement benefits plans due to the market value of the assets that fund the plans, economic conditions, financial market performance, interest rates, life expectancies and demographics;
- material changes in employee-related benefit and compensation costs;
- risks associated with operation and ownership of non-utility holdings;
- changes in technology that alter the channels through which customers buy or utilize Alliant Energy's, IPL's or WPL's products and services;
- impacts on equity income from unconsolidated investments due to further potential changes to ATC LLC's authorized return on equity;
- impacts of IPL's future tax benefits from Iowa rate-making practices, including deductions for repairs expenditures, allocation of mixed service costs and state depreciation, and recoverability of the associated regulatory assets from customers, when the differences reverse in future periods;

- the impacts of adjustments made to deferred tax assets and liabilities from changes in the tax laws;
- changes to the creditworthiness of counterparties with which Alliant Energy, IPL and WPL have contractual arrangements, including participants in the energy markets and fuel suppliers and transporters;
- current or future litigation, regulatory investigations, proceedings or inquiries;
- reputational damage from negative publicity, protests, fines, penalties and other negative consequences resulting in regulatory and/or legal actions; and
- the effect of accounting standards issued periodically by standard-setting bodies;
- the ability to successfully complete tax audits and changes in tax accounting methods with no material impact on earnings and cash flows.

Without limitation, the expectations with respect to 2019 projected earnings and long-term growth objective in this script are forward-looking statements and are based in part on certain assumptions made by Alliant Energy, some of which are referred to in the forward-looking statements. Alliant Energy cannot provide any assurance that the assumptions referred to in the forward-looking statements or otherwise are accurate or will prove to be correct. Any assumptions that are inaccurate or do not prove to be correct could have a material adverse effect on Alliant Energy's ability to achieve the estimates or other targets included in the forward-looking statements. The forward-looking statements included herein are made as of the date hereof and Alliant Energy undertakes no obligation to update publicly such statements to reflect subsequent events or circumstances.