ALLIANT ENERGY
Q4 2020 and YEAR-END EARNINGS CONFERENCE CALL
FEBRUARY 19, 2021
FINAL

CONFERENCE CALL OPERATOR:
Good afternoon, and welcome to Alliant Energy's conference call for fourth quarter and year-end 2020 results. This call is being recorded for rebroadcast. At this time, all lines are in listen-only mode. I would now like to turn the call over to your host, Susan Gille, Investor Relations Manager at Alliant Energy.

SUSAN GILLE:

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

Joining me on this call are John Larsen, Chairman, President and Chief Executive Officer, and Robert Durian, Executive Vice President and CFO. 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 fourth quarter and year-end 2020 financial results and affirmed our 2021 earnings guidance. 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 the earnings release and our 10K which are available on our website.

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

JOHN LARSEN:

Thank you, Susan. Hello everyone and thank you for joining us.

2020 was a year we will all remember. It was also another successful year of growth and solid operations for Alliant Energy. We continue to consistently deliver on our Purpose to "serve customers and build stronger communities." I am proud of what our team accomplished and how we delivered on our Purpose in a year with many challenges from the ongoing global pandemic, to racial injustice, and a destructive derecho windstorm.

In the face of these challenges, we finished near the top of our original earnings guidance range, with a 2020 consolidated earnings per share of two dollars and 47 cents. Our non-GAAP temperature normalized earnings grew more than 7% over 2019. This was the 10th year in a row of achieving our 5 to 7 percent growth objective. This consistent growth, -solid execution, and operational results, showcases the resiliency and flexibility of our company

I'll highlight a few of our many strategic and operational achievements from the year then turn it over to Robert who will provide more details on our solid financial and regulatory outcomes.

I'd like to start by mentioning a few of our recognitions from 2020.

I mentioned earlier the August derecho windstorm. I'm proud that our efforts to restore electricity to our customers was recognized by receiving the Edison Electric Institute's Emergency Response Award

Alliant Energy was also included in Bloomberg's Gender Equality Index, highlighting just 380 companies from around the world who are committed to supporting gender equality in the workplace. And we were recently named to Newsweek's Most Responsible Companies list where we ranked 12th overall for our social responsibility efforts. And to top it off, for the fourth year in a row, Alliant Energy has earned a perfect score on the Corporate Equality Index issued by the Human Rights Campaign Foundation.

As I reflect on these achievements, they each showcase how we live our Values as we Care for Others, Do the Right Thing, and Act for Tomorrow. I'm proud of our Alliant Energy team and thankful for all they do.

From an ESG perspective, we have made incredible progress on our goals and objectives. We ended 2020 with 42% less carbon emissions than our 2005 levels well on our way to our goal of a 50% reduction by 2030. This result is largely driven by the completion of our major wind expansion making us the 3rd largest owner operator of regulated wind in the US. It was also achieved by building our highly efficient West Riverside Generating Station.

To further support our efforts to advance a Clean Energy Future, we have joined the Low-Carbon Resources Initiative through the Electric Power Research Institute. This initiative is designed to identify, test, and develop technologies to enable a low carbon future. The results of this important work will help guide our company and our industry as we work toward our aspirational goal of net-zero carbon dioxide emissions from the electricity we generate by 2050.

2020 was another great year in advancing our Clean Energy Blueprints, which serve as our guide to create a cleaner energy future for our customers and communities.

Last fall, we advanced our Iowa Clean Energy Blueprint with our announcement to add approximately 400 megawatts of new solar energy by

2023. This follows our very successful one-gigawatt wind energy expansion in Iowa, all delivered on time and on budget. When the 400 megawatts of planned new solar power is combined with our 13 hundred megawatts of owned wind, existing solar farms, and other purchased renewable resources we are on a path to have more than 50 percent of Alliant Energy's Iowa generation to come from renewables by 2030.

We also continue to advance battery storage in the state with plans to add 100 MW of distributed energy resources in the next several years. The additional distributed energy resources follow the successful completion of battery storage systems near Marshalltown and Wellman Iowa, and the storage facility in Decorah, Iowa that includes a partnership with the US Department of Energy and the Iowa Economic Development Authority.

Turning to Wisconsin, our Clean Energy Blueprint helps advance the Badger State to a clean energy future. Our plan to add at least 1,000 megawatts of new solar power is on schedule. Last spring, we announced our first phase of this effort identifying six future solar sites – totaling 675 megawatts, that's enough to power 175 thousand homes.

Later this spring, we plan to announce the second phase of our solar expansion which will include 3 projects we purchased in the last 5 months, as well as our self-developed sites. As we carefully plan the closure of our remaining coal-powered units in Wisconsin, our plans will include ways to support our employees and our communities. Our Clean Energy Blueprints are comprehensive and transparent designed to follow our proven track record of a thoughtful energy transition.

And our solar story in Wisconsin does not stop there. We recently announced a Community Solar project in Fond du Lac County where a portion of the energy generated from the 1-megawatt site will be donated to Habitat for Humanity to reduce the electric bills of residents. We also are partnering with Dane County on a 17-megawatt solar development, which will help bring the county to 100% renewable offset to the electricity consumed at their owned facilities. And we are partnering with the city of Sheboygan to install a 1-megawatt solar facility in the Sheboygan Business Center.

As we advance our Clean Energy Blueprints, we will continue to see solutions that serve our customers growing demand for sustainable solutions and help build stronger communities.

We also remain focused on our continued investments in our connected energy network across Iowa and Wisconsin by advancing the deployment of an advanced distribution management system, a fiber optic network, and expanding the use of smart energy systems and automated metering. In addition, our customer-focused investments in the energy grid will result in more of our electric lines placed underground, a major part of our efforts to improve grid resiliency, energy efficiency, and reliability.

Speaking of reliability, I am proud of the efforts by our team during the extended Polar Vortex that gripped much of the country these past two weeks. Our customer-focused investments are designed to ensure that we will continue to provide our customers with safe, reliable and affordable energy for decades to come. We remain committed to advancing our Clean Energy Vision through this balanced approach.

In summary, 2020 was an excellent year for our company and we look forward to building on that momentum in 2021 as we focus on:

- Continuing our role as a leader in advancing renewable energy
- Completing customer focused investments on-time and on-budget
- Delivering solid returns for our investors
- And Living our Values

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

ROBERT DURIAN:

Thanks John. Good afternoon everyone.

Yesterday, we announced 2020 GAAP earnings of 2 dollars and 47 cents per share compared to 2 dollars and 33 cents per share in 2019. Excluding non-GAAP adjustments and temperature impacts, earnings per share were up more than 7% year-over-year driven by higher revenue requirements due to increasing rate base, partially offset by higher depreciation and financing expenses from the rate base additions.

As John noted earlier, our dedicated employees rose to the challenge in 2020 by reducing O&M expenses to offset the impact of lower sales caused by the pandemic and derecho storm. These efforts allowed us to finish the year in the upper half of our earnings guidance. We provided additional details on the earnings variance drivers on slides 4 and 5.

Our temperature normalized retail electric sales declined 2 percent in 2020 when compared to 2019, primarily driven by the impacts of the COVID-19 pandemic as well as the August Derecho storm in our Iowa service territory. While the pandemic-related sales impacts were heaviest in the second quarter, sales recovered quickly and were roughly flat to 2019 levels in the second half of the year. The sales recovery we experienced is a direct result of the strength and resiliency of the economies in the states we serve.

Wisconsin's unemployment rate is a full percent less than the U.S. unemployment rate and the state is experiencing population growth as neighboring state's residents are moving to Wisconsin.

And in Iowa, the economy has been recovering even faster with an unemployment rate that is the second lowest in the country as well as strengthening grain prices due to increasing demand from foreign countries.

Turning to future year's earnings, we see a solid path to delivering our earnings guidance for 2021 and as we look further into the future we believe our strong capital investment plan will allow us to continue to deliver solid returns for our shareowners, including an expected 5 to 7% annual EPS growth through at least 2024.

The key drivers of the 6% growth in our 2021 EPS guidance over 2020 are related to investments in our core utility business including our recently completed wind projects in Iowa and Wisconsin. These investments were reflected in WPL's approved electric rates for 2021 and IPL's renewable energy rider approved with its test-year 2020 rate review.

Currently, renewables make up approximately 20% of our total rate base, which is one of the highest percentages of renewable rate base among all US utilities. We expect renewables will make up an even larger portion of our rate base as we invest in solar for our Iowa and Wisconsin customers over the next three years. A walk from our 2020 non-GAAP temperature normalized earnings to the mid-point of our 2021 guidance is provided on slide 6.

The 2021 guidance assumes a one percent growth in retail electric sales over 2020 levels. This forecast assumes continued economic improvement and recovery from the COVID-19 pandemic. Additionally, our employees have been working to add new customers and load to our system. One recent example of success is our new wholesale customer in Wisconsin, Consolidated Water-Power Company. This new customer came online at the beginning of this year and brings up to 60 megawatts of new load to our system.

Alliant Energy's strategy focuses on providing affordable energy to our customers, while continuing our decade-long track record of growing earnings 5 to 7 percent. As a reminder, we reached settlement in our Wisconsin jurisdiction to hold rates flat in 2021 by using excess deferred taxes and fuel savings to offset a higher revenue requirement due to growth in rate base. This settlement enables us to earn a return on investments we've made on behalf of our Wisconsin customers without increasing their base rates in 2021.

In our Iowa jurisdiction, we expect to manage our business to allow us to stay out of rate cases for the next couple of years. This has been made possible through collaboration with our regulators and stakeholders in Iowa on key items such as deferring costs associated with the August Derecho storm, and the addition of the renewable energy rider. The renewable energy rider will allow IPL to recover the costs of incremental rate base from our recently completed 1 gigawatt of wind while also passing on significant incremental production tax credits and fuel cost savings to our customers.

Additionally, our Iowa customers began seeing savings in the fall of 2020 as a result of our decision to terminate the power purchase agreement related to the Duane Arnold Nuclear Center five years early. IPL is forecasting to get recovery of and a return on the buyout payment associated with this termination through a rider over the next five years, while customers are benefitting from tens of millions of dollars in energy savings each year.

Slide 7 has been provided to assist you in modeling the effective tax rates for our two utilities and our consolidated group. We estimate a consolidated effective tax rate of negative 20% for 2021. The primary drivers of the lower tax rate are the additional production tax credits from the new wind projects that were placed in service throughout 2020 and the return of excess deferred taxes from federal tax reform to our customers.

The production tax credits, and excess deferred tax benefits will flow back to customers resulting in lower electric margins. Thus, the decreases in the effective tax rate are largely earnings neutral.

Turning to our financing plans. In November 2020 we accelerated a 200 million dollar debt offering at our Alliant Energy Finance subsidiary, originally planned for 2021, to capture historically low interest rates. As a result, our 2021 financing plan is currently limited to one long-term debt issuance of up to 300 million dollars at our Wisconsin utility. And, the only common equity activity we are expecting in 2021 is approximately 25 million dollars to be issued ratably during the year through our shareowner direct program.

And lastly some key regulatory developments in our two states. In Iowa, current Chair Geri Huser was recently appointed for an additional 6-year term, and Josh Byrnes was recently appointed as a new member to the Iowa Utilities Board. We welcome Board member Byrnes and congratulate Chair Huser on her additional term. And in Wisconsin, the PSCW recently issued its final written order approving WPL's rate stabilization plan in December.

The PSCW also issued a procedural schedule for our first solar certificate of authority filing in late 2020 as shown on slide 8. The docket for our solar CA filings is proceeding as expected including a constructive public hearing held yesterday. We anticipate a decision on this first 675 megawatts of solar from the PSCW in April.

2021 key regulatory initiatives are listed on slide 9. In the first half of this year, we expect to make an advance ratemaking principles filing in Iowa for our planned 400 megawatts of solar generation for IPL. As a reminder, a key benefit to the advance ratemaking principles process in Iowa is the certainty it provides for the authorized returns we will earn on these assets. In our three most-recent advance ratemaking filings, we were authorized an 11% ROE for the new generation assets. These ROEs decided with each filing are fixed for the life of the assets.

In Wisconsin, we expect to file our second certificate of authority request in the first half of this year for the remainder of our announced solar generation at WPL. In addition, we expect to file a retail electric and gas rate review in Wisconsin in the second quarter for either 1, 2 or 3 years beginning in 2022.

We are thankful for the privilege to work in two states that are well-known for constructive regulatory outcomes and plan to continue our long-standing practice of working collaboratively with stakeholders towards constructive regulatory outcomes on these key regulatory initiatives in 2021.

As we conclude another successful year, I am excited about our flexible and thoughtful strategy at Alliant. As John described earlier, we are a leading utility in renewable energy and environmental stewardship, and we look forward to maintaining that leadership status into the future.

We will continue to deliver on a Clean Energy Vision that will best serve our customers and shareowners, as well as our environment.

We very much appreciate your continued support of our company and look forward to meeting with many of you virtually in the coming months. As always, we will make our investor relations materials available on our website. 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 the call to questions from members of the investment community.

(OPERATOR PROVIDES INSTRUCTIONS ON HOW TO ASK A QUESTION)

(Q&A SESSION)

SUSAN GILLE:

This concludes Alliant Energy's fourth quarter and year-end earnings call. A replay will be available through February 26, 2021 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 "planned," "plans," "plan," "will," "guidance," "believe," "expected," "expect," "assumes," "forecast," "forecasting," "estimate," or other words of similar import. Similarly, statements that describe future financial performance, including earnings guidance, earnings growth, and plans or strategies, including our investment plans, 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:

- the direct or indirect effects resulting from the COVID-19 pandemic on sales volumes, margins, operations, employees, contractors, vendors, the ability to complete construction projects, supply chains, customers' inability to pay bills, suspension of disconnects, the market value of the assets that fund pension plans and the potential for additional funding requirements, the ability of counterparties to

meet their obligations, compliance with regulatory requirements, the ability to implement regulatory plans, economic conditions and access to capital markets;
- 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;
- the direct or indirect effects resulting from terrorist incidents, including physical attacks and cyber-attacks, or responses to such incidents;
- 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;
- 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, deferred expenditures, deferred tax assets, tax expense, capital expenditures, and remaining costs related to electric generating units (EGUs) that may be permanently closed and certain other retired assets, decreases in sales volumes, 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 legislation, and regulatory agency orders;
- 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 impacts of changes in tax rates, including adjustments made to deferred tax assets and liabilities;
- 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;
- any material post-closing payments related to any past asset divestitures, including the sale of Whiting Petroleum, which could result from, among other things, indemnification agreements, warranties, guarantees or litigation;
- 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 federal, state or local regulations for carbon dioxide emissions reductions from new and existing fossil-fueled EGUs, and litigation associated with environmental requirements;
- increased pressure from customers, investors and other stakeholders to more rapidly reduce carbon dioxide emissions;
- the ability to defend against environmental claims brought by state and federal agencies, such as the U.S. Environmental Protection Agency, 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 ability to complete construction of solar projects within the cost caps set by regulators and the ability to efficiently utilize the solar project tax benefits for the benefit of customers;
- changes in the price of delivered natural gas, transmission, 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;
- 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, including regulations promulgated by the Pipeline and Hazardous Materials Safety Administration;
- 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 excessive heat, excessive cold, 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;
- 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, timing and form of benefits payments, 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 from valuations and potential changes to ATC LLC's authorized ROE;
- 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;
- changes to the creditworthiness of counterparties with which Alliant Energy, IPL and WPL have contractual arrangements, including participants in the energy markets and fuel suppliers and transporters;
- current or future litigation, regulatory investigations, proceedings or inquiries;
- reputational damage from negative publicity, protests, fines, penalties and other negative consequences resulting in regulatory and/or legal actions;
- the effect of accounting standards issued periodically by standard-setting bodies; and
- 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 2021 earnings guidance, long-term earnings growth objective, and the investment plan 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.