



# Powering What's Next

Wolfe Research Conference  
September 30 & October 1, 2020



# Safe harbor

This presentation contains statements that may be considered forward looking statements, such as management's expectations of financial objectives and projections, capital expenditures, earnings growth, plant retirements, rate base, and new generation plans. These statements speak of the Company's plans, goals, beliefs, or expectations, refer to estimates or use similar terms. Actual results could differ materially, because the realization of those results is subject to many uncertainties including regulatory approvals and results, unanticipated construction costs or delays, economic conditions in our service territories, and other factors, some of which are discussed in more detail in the Company's Form 10-K for the year ended December 31, 2019 and Form 10-Q for quarter end June 30, 2020. All forward looking statements included in this presentation are based upon information presently available and the Company assumes no obligation to update any forward looking statements.

In addition, this presentation contains non-GAAP financial measures. The reconciliations between the non-GAAP and GAAP measures are provided in this presentation.

# Investment considerations



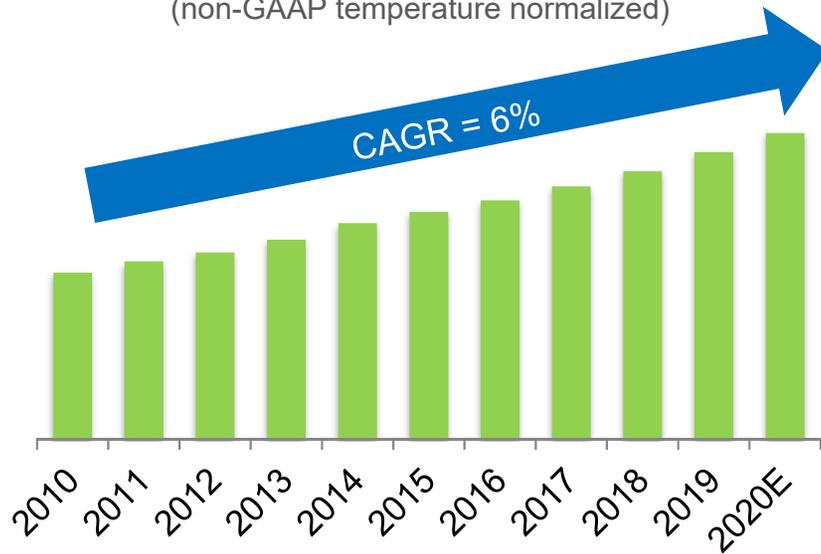
- **Constructive regulatory environments**
- **Clean energy-focused investments**
- **Virtually all earnings from regulated operations**
- **Strong balance sheet and liquidity**

- Based on 2019 Non-GAAP temperature normalized EPS of \$2.26
- Total shareholder return proposition at a constant P/E ratio
- Dividends subject to approval by the Board of Directors

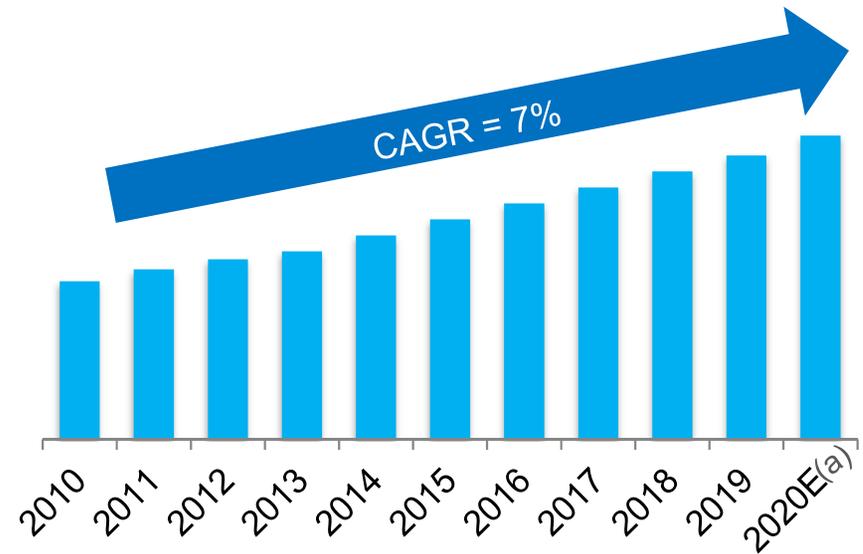
# Consistent performance

## 10 years of steady growth

Adjusted earnings per share  
from continuing operations  
(non-GAAP temperature normalized)



Dividends per common share



(a) Annual common stock dividend target. Payment of the quarterly dividends is subject to the actual dividend declaration by the Board of Directors.

# Regulated utility profile

Constructive regulatory environment leads to productive outcomes

**970,000**

Electric customers

**420,000**

Gas customers

**\$9.4 B**

13-month average 2019  
rate base

**\$3.6 B**

2019 operating revenues

**3,600**

Employees

## Interstate Power and Light (IPL)

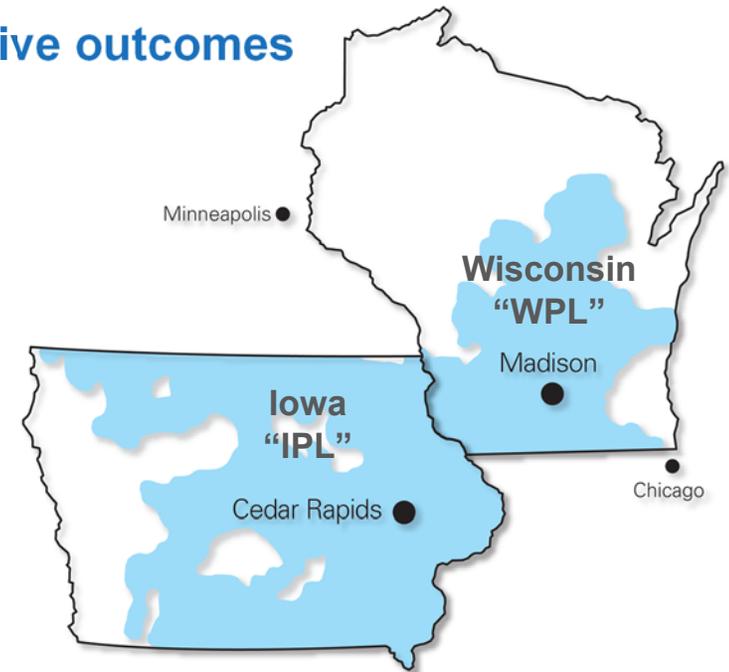
- 490,000 Electric customers
- 225,000 Gas customers
- \$5.7 B Rate base 13-month avg.

## Wisconsin Power and Light (WPL)

- 480,000 Electric customers
- 195,000 Gas customers
- \$3.7 B Rate base 13-month avg.

## Constructive Regulatory Frameworks

- Iowa and Wisconsin permit forward-looking test years
- Large construction projects have advance ratemaking for generation (Iowa) and pre-approval (Wisconsin)
- Approximately 60% of 2019 utility operating expenses are recovered through riders
- Above average ROEs (~10%)
- Equity component of capital structure (51% Iowa and 52.5% Wisconsin)



# Purpose-focused strategy delivers results

Provide affordable energy solutions



Make customer-focused investments



Grow customer demand



**IMPROVE**



**INCREASE**



**EXPAND**



**ENABLE**



**SUPPORT**

Customer experience

Operational efficiency and resiliency

Renewable energy

Customer growth and distributed energy

Economic development by certifying development-ready sites

See website [www.alliantenergy.com/poweringwhatsnext](http://www.alliantenergy.com/poweringwhatsnext)

# Core values guide our actions



## Live safety. Everyone. Always.

Our first priority is that nobody gets hurt.



## Do the right thing.

We keep our promises and conduct our business openly and honestly.



## Care for others.

Together we create a workplace where people feel like they belong and can use their unique backgrounds, talents and perspectives to their fullest potential.



## Make things better.

We partner with our customers and communities to solve problems, create opportunities and help make life better.



## Act for tomorrow.

We use resources wisely, care for the environment and continuously improve ourselves and our company.



## Think beyond. Be bold.

We create and embrace change, innovate beyond current practices and use our curiosity to find new solutions.

# Powering What's Next: accelerating our clean energy vision

## By 2030:

- Reduce our fossil fuel generation carbon dioxide (CO<sub>2</sub>) emissions by **50%** from 2005 levels – *up from our prior goal of 40%*

## By 2040:

- **Eliminate all coal** from our generation fleet – *10 years sooner than our previous target*

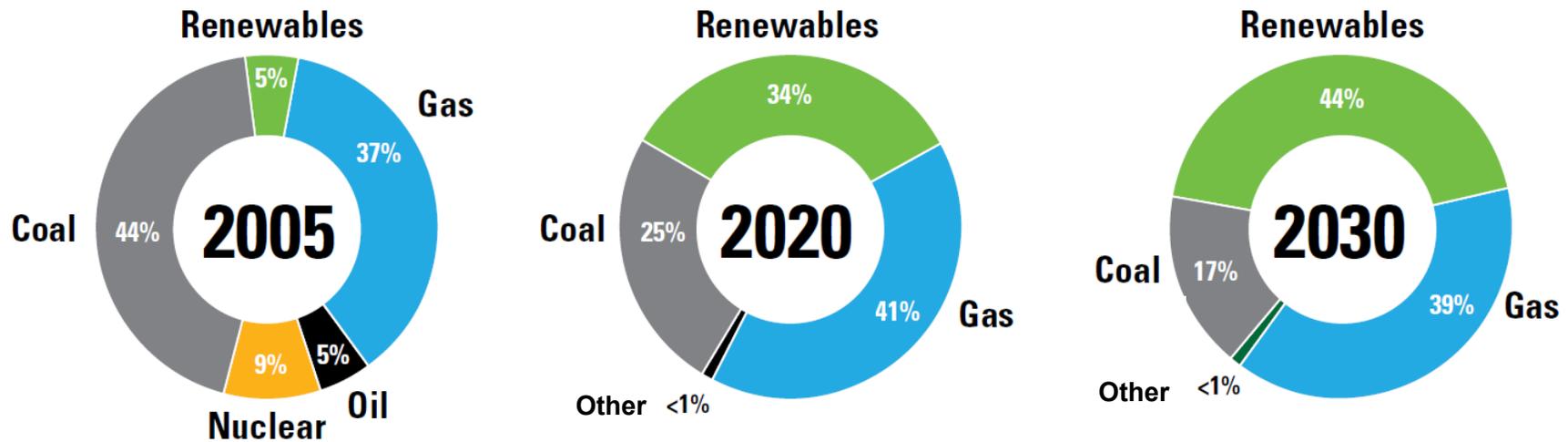
## By 2050:

- Aspire to achieve **net-zero CO<sub>2</sub>** emissions from the electricity we generate



# ESG profile: Environmental

## *Transitioning toward a cleaner energy mix*



**Rate Base:** Coal represents just **14%** of our rate base in 2020

Based on approximate capacity in megawatts as of July 2020 including owned generation and utility purchase power agreements

# ESG Profile: Social - *Our values in action*



## Safety

- Board oversight of safety program
- “Good catches” and “near misses” program are leading indicators
- Severity rate much lower than EEI benchmark



## Cyber and Physical Security

- Board oversight of programs
- Annual employee awareness training, company-wide routine phishing training and testing
- Protocols drilled routinely



## Workforce

- Employees and their families have access to comprehensive health and wellness program
- Support workforce re-deployment through apprenticeship, job shadowing, career days
- In person and virtual training and tuition reimbursement; college internship program



## Diversity Equity and Inclusion

- We strive to create a workplace where people feel like they belong and can use their unique backgrounds, talents and perspectives
  - Perfect score on HRC's Corporate Equality Index for 2017, 2018, 2019 and 2020
  - 6 active employee resource groups
- We are committed to continuing conversations, listening intently and improving
  - *Day of Understanding* and unconscious bias awareness training



## Economic Development

- 16 Alliant Energy Growth Sites to promote economic development in our communities
- Once a generating station is retired, we work to decommission, repurpose and recycle materials, and get the site ready for economic development



## Community Giving

- Community giving of over \$7 million in 2019
- Drive Out Hunger initiative has raised funds for nearly 15 million meals
- Over 92,000 annual employee volunteer hours in 2019

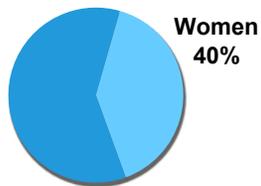
# ESG profile: Governance

*Strong governance begins with transparency*

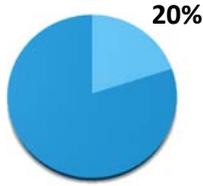
## Board of Directors

- Lead independent director with clearly defined and robust responsibilities
- Executive sessions of independent directors held at each board meeting
- Annual board and committee self-assessments
- Average age = 58; Average tenure = 7.4 years

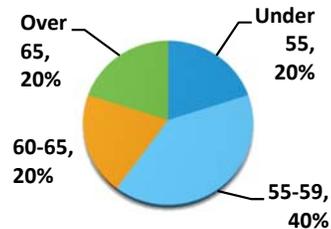
Gender diversity



Ethnic diversity



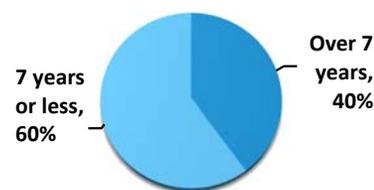
Age diversity



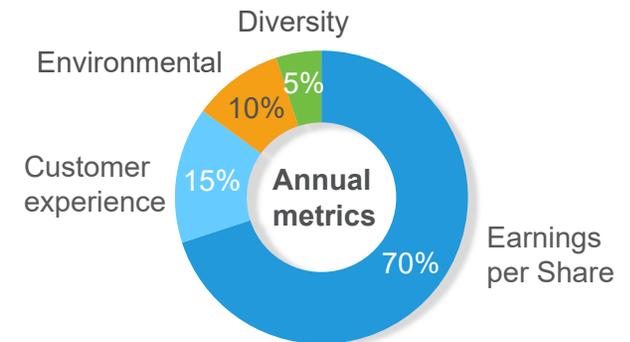
## Executive Compensation

- Strong linkage of compensation to achievement of financial, customer focused and ESG-related goals
- Substantial portion of performance-based at-risk compensation

Tenure diversity



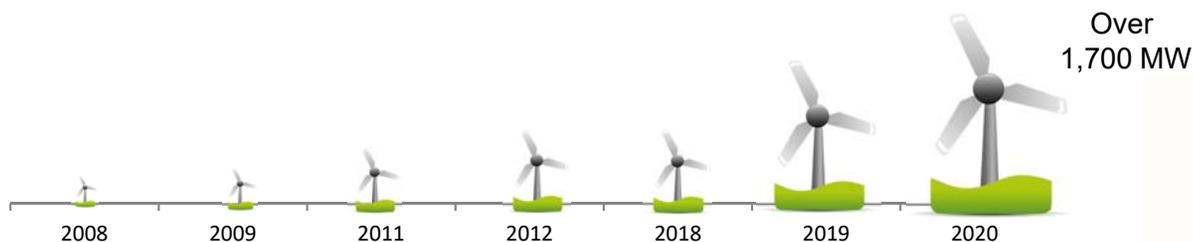
## 2020 Performance pay



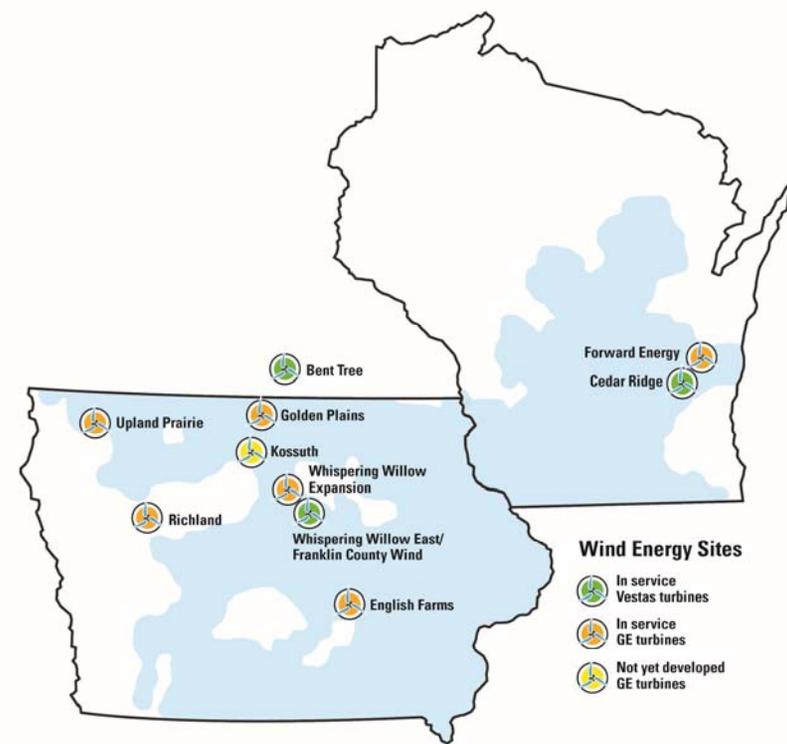
Clean energy and distribution transformation  
**drives growth**

# Wind generation investments

Third largest owner operator of regulated wind in the US by YE 2020



Project*	Owner	Size (MW)	NCF **	In-service
Cedar Ridge	WPL	68 MW	30%	2008
Forward Energy	WPL	59 MW (of 129)	27%	2008
Whispering Willow East	IPL	299 MW	34%	2009
Franklin County				2012
Bent Tree	WPL	201 MW	29%	2011
Upland Prairie	IPL	299 MW	39%***	2019
English Farms	IPL	171 MW	39%***	2019
Whispering Willow Expansion	IPL	201 MW	47% - 49%	2020
Golden Plains	IPL	200 MW	46% - 48%	2020
Richland	IPL	130 MW	44% - 46%	2020
Kossuth	WPL	~150 MW	45% - 47%	2020



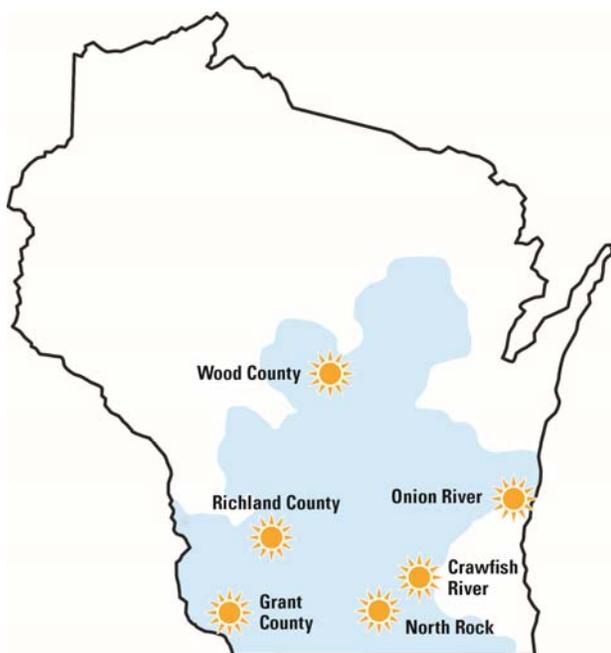
All projects have received regulatory approval  
 \*\*\* NCF Data: July, 2019 – June, 2020

\*\*NCF = Net Capacity Factor for 2019 for developed sites



# Growing solar generation investments

## Adding 1 GW of solar by end of 2023



Solar Projects	Contractor	Size (MW)	In-service
Crawfish River	Ranger Power LLC	75 MW	2022
Onion River	Ranger Power LLC	150 MW <sup>(b)</sup>	2022
Richland County	TBD <sup>(a)</sup>	50 MW	2022
Wood County	TBD <sup>(a)</sup>	150 MW <sup>(b)</sup>	2022
Grant County	NextEra Energy Resources, LLC	200 MW <sup>(b)</sup>	2023
North Rock	TBD <sup>(a)</sup>	50 MW	2023

- a) WPL will be constructing via EPC contractor
- b) CPCN required for projects in excess of 100 MW

### WPL Solar Investments:

**Regulatory approval:** First certificate of authority filed for 675 MW (6680-CE-182), decision expected H1 2021

**Investments in capital expenditure plan:** ~\$785 million for 1 GW

**Investment tax credits (ITC):** 30% ITC qualification for entire plan

**Tax equity accounting:** Partnership flip structure. Treated like regular rate base.

**Commercial operation timing:** 425 MW in 2022, 575 MW in 2023

**Initial accredited capacity factor:** 50% of the maximum designed alternating current (AC) capacity

**Expected depreciable life:** 30 years

# Gas generation complements renewables

## *West Riverside Energy Center reaches substantial completion*

- Supports capacity need resulting from planned coal and gas retirements
- Cost-effective source of energy with low natural gas prices and highly efficient heat rate
- 50% less CO<sub>2</sub> emissions and 75% less water used than retiring coal plants
- Facility can ramp up at 80 MW per minute

**Joint owners:** Book-value purchase for partial ownership

Utilities and electric cooperatives	Purchase option amount	Option timing
Adams-Columbia Electric Cooperative		Options exercised
Rock Energy Cooperative	~60 megawatts	January 2018
Central Wisconsin Electric Cooperative		2020 - 2024
Wisconsin Public Service Corporation	up to 200 megawatts	2020 - 2025
Madison Gas and Electric Company	up to 50 megawatts	



**Size:** 730 MW combined-cycle natural gas facility

**Contractor:** AECOM was EPC contractor

**Major equipment:** GE Frame 7FA.05 combustion turbines

**Efficiency:** Heat rate just under 6,500 btu/kwh

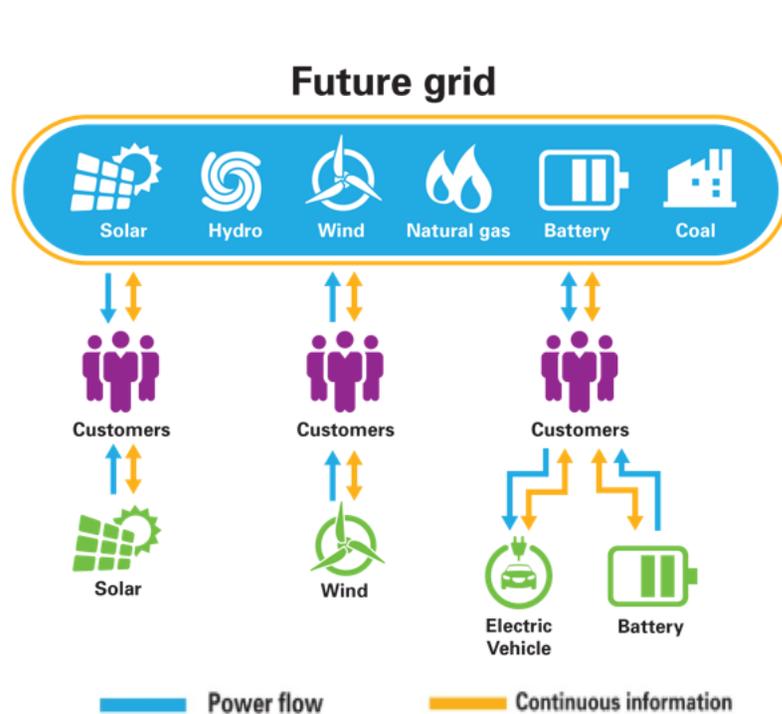
**Cost:** WPL's share of estimated cost is \$600 million for facility, excluding transmission network upgrades and AFUDC

**Expected depreciable life:** 35 years

**Commercial operation timing:** In service in 2020

# Investing in our distribution grid

*Enhanced reliability, connecting customers and communities*



25 kV – Design standard



Undergrounding – Resiliency improvements



Smart devices –

- AMI - meter reading, remote connect/disconnect
- Fault detection
- Self healing



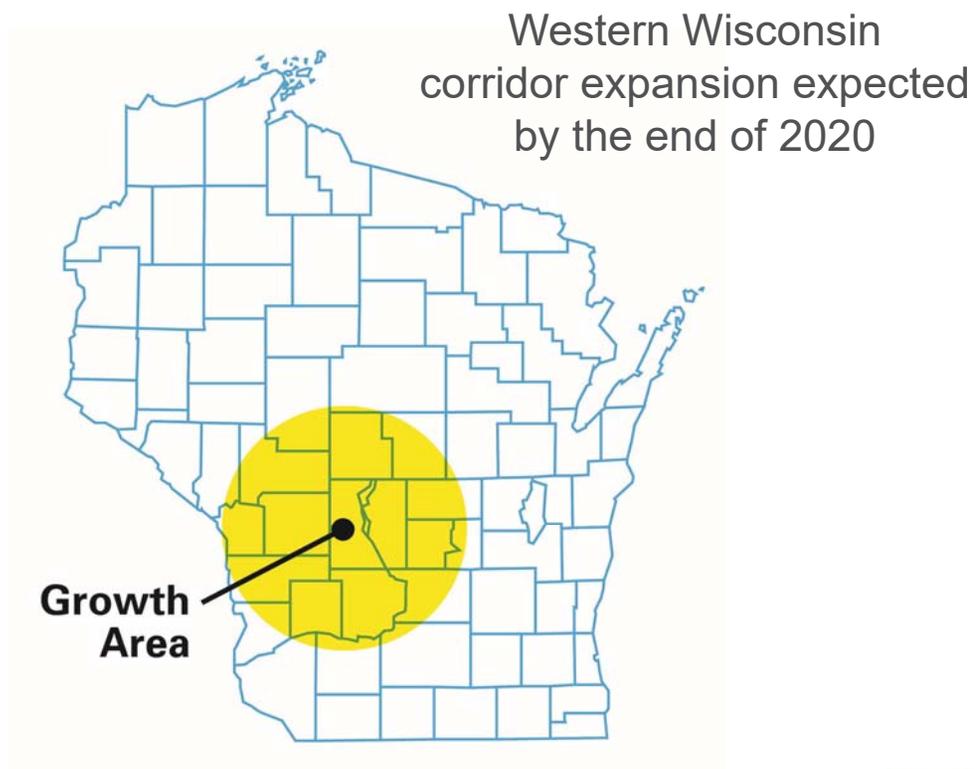
Communications – Fiber



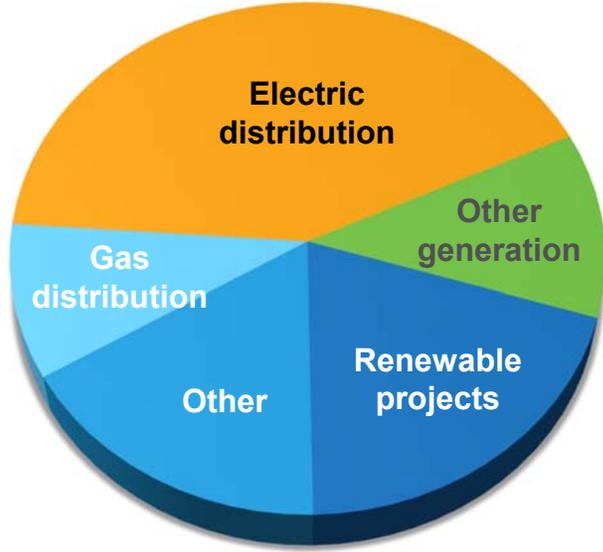
Battery storage – 650kW self-contained installation

# Gas distribution for economic growth

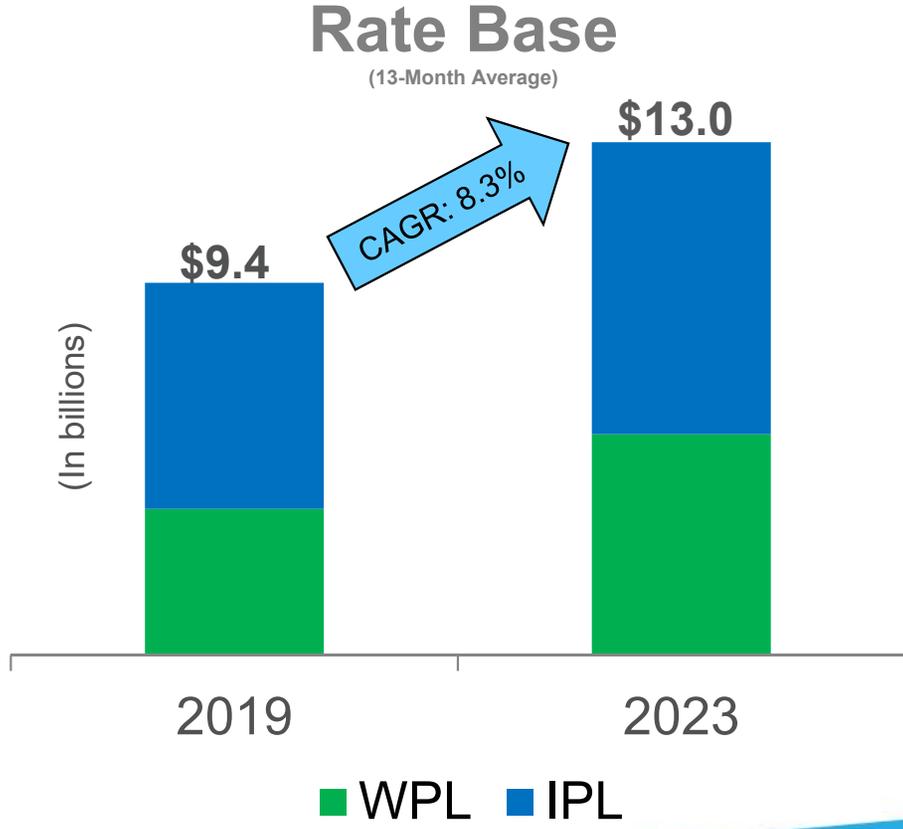
*WPL expands natural gas capacity by 20%*



# Customer-focused investments drive rate base growth



2020-2023 Capex



# Economic development

*Nationally recognized for economic development activities (Site Selection Magazine)*

In 2019...

16

Growth Sites

44

New industrial, warehouse  
and office projects

\$1.2 B

Corporate facility investment

2,632

Jobs created



## Big Cedar Industrial Center

1,391 contiguous acres  
First certified Mega Site in IA



## Beaver Dam Commerce Park

520 contiguous acres  
One of the largest available business properties in WI



Hydroponic tomato  
growing facility  
Mason City, IA



New pet food line  
Clinton, IA



Warehouse and  
distribution center  
Beloit, WI

# Delivering earnings growth targets

## On track to mitigate risks from Covid-19

### COVID-19 Earnings Risks

- Lower commercial and industrial sales
- Higher bad debt expense
- COVID-19 related operating expenses

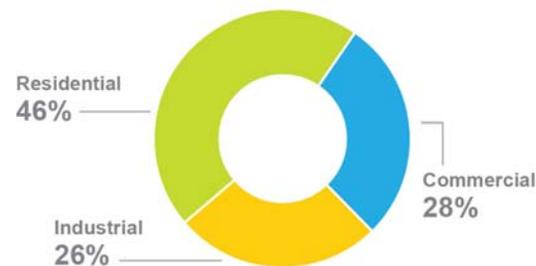
**\$2.34 - \$2.48(a)**

2020 Operating Earnings Guidance

### Mitigating Items

- Higher residential sales
- Diverse customer mix; some customers with higher sales in 2020 (ie: food processing, packaging, warehousing)
- Accelerate planned cost transformation activities
- Reduce discretionary expenditures such as travel
- Lower pension and healthcare expenses
- Potential to defer incremental COVID-19 costs

### 2019 Retail Electric Margins



Customer Class	EPS sensitivity to +/- 1% change in annual electric sales
Residential	\$0.02
Commercial	\$0.01
Industrial	\$0.01

### Estimated temperature normalized year-over-year electric sales variance

	April - June 2020	July - August 2020*	<u>Base Scenario:</u> Commercial and industrial sales decline offset by higher residential sales through June, with gradual sales improvement through end of year
All Classes	(6%)	0%	
Residential	5%	7%	
Commercial and Industrial	(9%)	(3%)	

\* July/August results excludes impacts of the Derecho storm in Iowa.

(a) Diluted EPS for consolidated AEC

# Regulatory initiatives

# Key regulatory initiatives

## Interstate Power and Light Company

### Estimated dates

#### Iowa Utilities Board

- Decision regarding IPL Retail Base Rate Review (historical test year 2018 for electric and a future forecasted 2020 test period for electric (RPU-2019-0001) and gas (RPU-2019-0002)
- Decision authorizing use of regulatory asset accounts for COVID-19 impacts (SPU-2020-0003)



#### Federal Energy Regulatory Commission (FERC)

- Decision regarding authorized return on equity (ROE) amounts for MISO transmission owners (ITC)



## Wisconsin Power and Light Company

### Estimated dates

#### Public Service Commission of Wisconsin

- Decision regarding 2020 WPL retail electric fuel only rate review (6680-ER-102)
- Decision regarding construction authority for Western WI Pipeline (6680-CG-168)
- Decision regarding accounting treatment for COVID-19 costs (05-AF-105)
- Oral decision regarding electric and gas 2021 Test Period rate stabilization plan (6680-UR-122)
- Decision regarding certificate of authority request for solar generation (6680-CE-182)



Q2 2021

#### FERC

- Decision regarding authorized ROE amounts for MISO transmission owners (ATC)



# WPL Retail Electric and Gas Rate Stabilization Plan

- Maintain 2020 base rates through 2021 for Wisconsin customers
- Key drivers of the filing are the Kossuth Wind Farm and the Western Wisconsin gas distribution system
- Retail electric and gas revenue requirement offset by lower fuel-related costs and excess deferred income tax benefits

(6680-UR-122, filed May 1, 2020. PSCW oral approval August 13, 2020)	2021	
(\$ in billions)	Electric	Gas
Retail rate base (a)	\$4.0	\$0.4
Continuation of return on common equity (ROE)	10.0%	
Continuation of common equity component of regulatory capital structure	52.53%	
Continuation of ROE sharing mechanism		
10.0% - 10.25%	No sharing	
10.25% - 10.75%	50/50 sharing	
>10.75%	100% customer	
Escrow treatment for bad debt expense and pension and other postretirement benefits expense		

(a) Projected 13-month average WPL rate base. Major additions in 2021 include Kossuth Wind Farm and Western Wisconsin distribution system. Proposing Kossuth Wind Farm revenue requirement (\$32 million) will be offset with anticipated 2021 fuel savings. Proposing Western Wisconsin distribution system revenue requirement (\$15 million) will be offset with incremental unprotected excess deferred income taxes (\$7 million), with the remainder deferred. Assumption that WPS and MGE will not exercise their options on West Riverside ownership in 2021.

# Reconciliation between GAAP and non-GAAP EPS

	2015	2016	2017	2018	2019
GAAP EPS from continuing operations	\$1.69	\$1.65	\$1.99	\$2.19	\$2.33
• Temperature impacts	0.04		0.06	(0.06)	(0.05)
Non-GAAP Adjustments:					
• Losses from sales of Minnesota distribution assets	0.04				
• Voluntary employee separation charges	0.02				
• Valuation charge related to the Franklin County Wind Farm		0.23			
• Tax reform			(0.08)	(0.02)	
• Net write-down of regulatory assets due to IPL electric rate review settlement			0.02		
• American Transmission Company Holdings return on equity reserve adjustment					(0.02)
Non-GAAP temperature normalized EPS from continuing operations	\$1.79	\$1.88	\$1.99	\$2.11	\$2.26