



# Powering What's Next

EEI Finance Conference  
November 9-11, 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 September 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



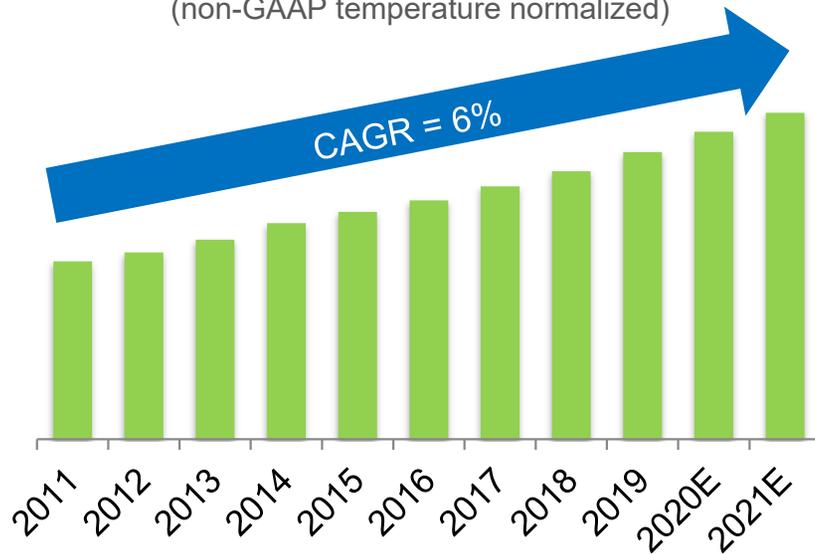
- Based on 2019 Non-GAAP temperature normalized EPS of \$2.26
- Total shareholder return proposition at a constant P/E ratio
- Dividends subject to approval by the Board of Directors

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

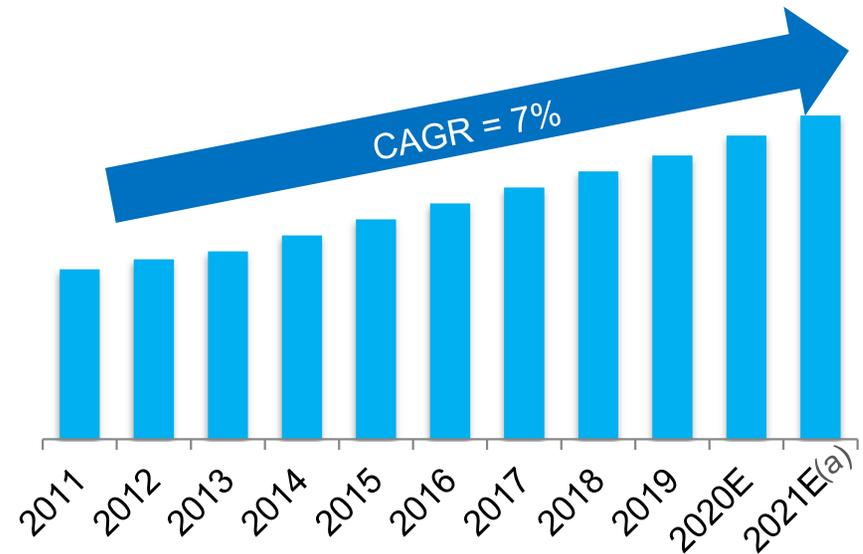
# Consistent performance

## 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.

# Constructive regulatory environment

## Regulated utility profile

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)

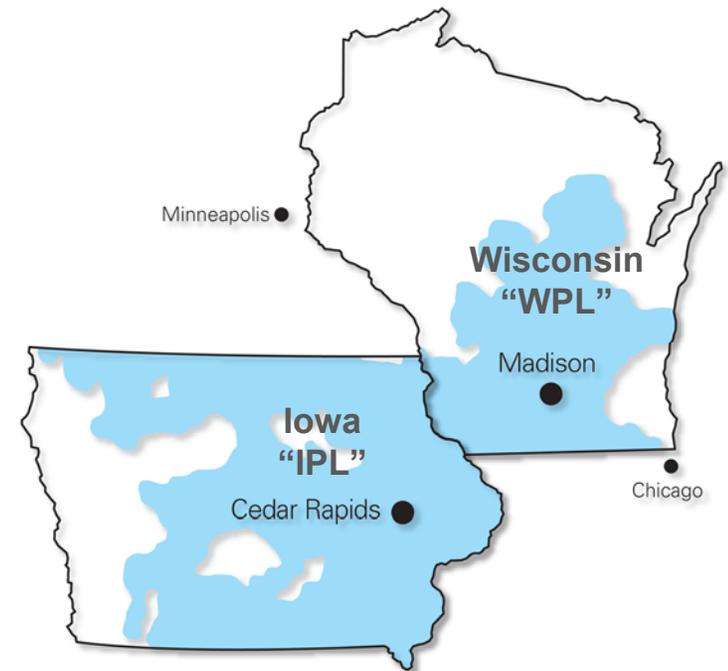
- 490,000 Electric customers
- 225,000 Gas customers
- \$5.7 B Rate base 13-month avg.

### Wisconsin Power and Light (WPL)

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

### 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*

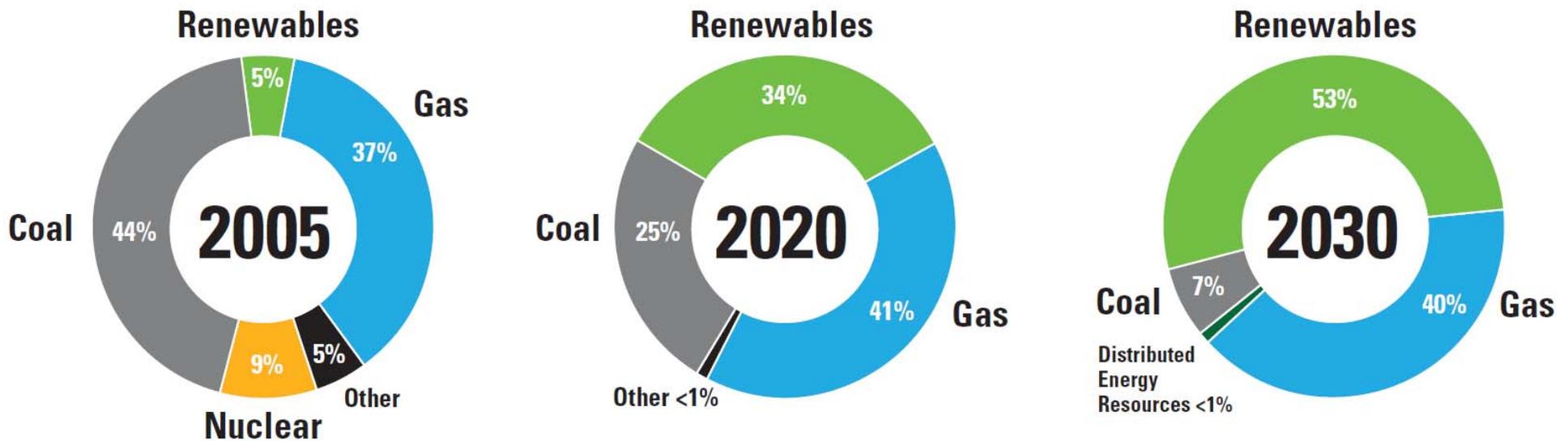
## By 2050:

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 October 2020 including owned generation resources 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

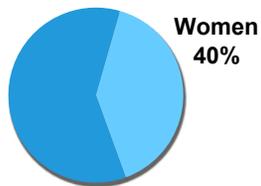
# ESG profile: Governance

*Strong governance begins with transparency*

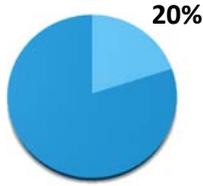
## Board of Directors

- 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

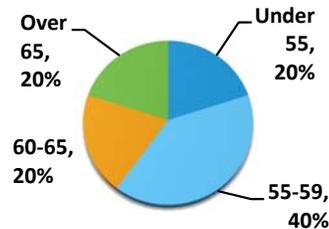
Gender diversity



Ethnic diversity



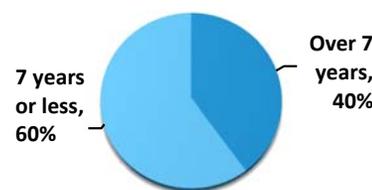
Age diversity



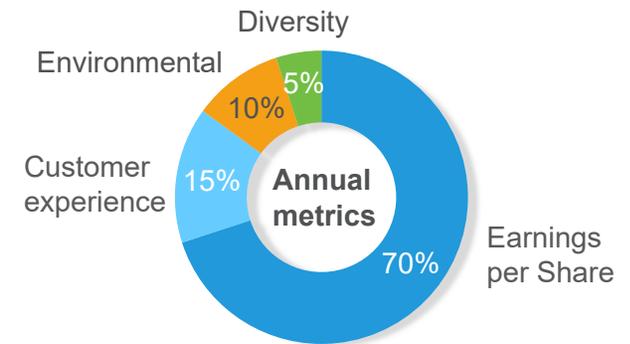
## Executive Compensation

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

Tenure diversity



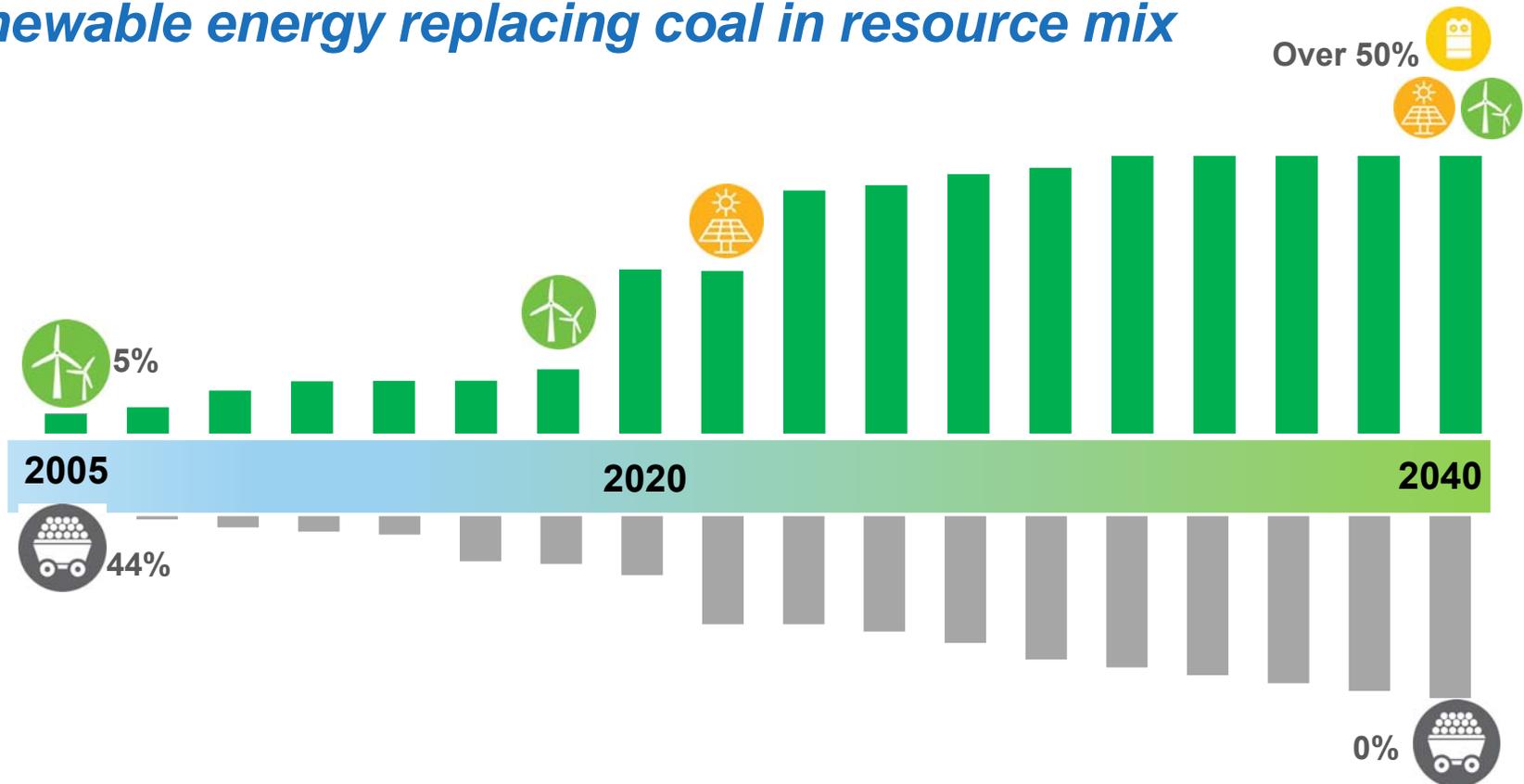
## 2020 Performance pay



Clean energy and distribution transformation  
**drives growth**

# Transitioning to Cleaner Energy

*Renewable energy replacing coal in resource mix*



Based on approximate capacity in megawatts as of October 2020 including owned generation resources and purchase power agreements.

# Wisconsin Clean Energy Blueprint

## *Growing clean energy investments*



- Adding up to 1,000 megawatts (MW) of solar by the end of 2023.
  - In addition to the almost 500 MW of wind owned and operated for Wisconsin customers.
- To compliment renewables, the West Riverside Energy Center, a 730 MW new highly efficient combined cycle gas generating station, went into service in 2020.
- Adding battery storage and more connected energy to the network.
- Retiring the 414 MW coal-fired Edgewater Generating Station by the end of 2022.

# Iowa Clean Energy Blueprint

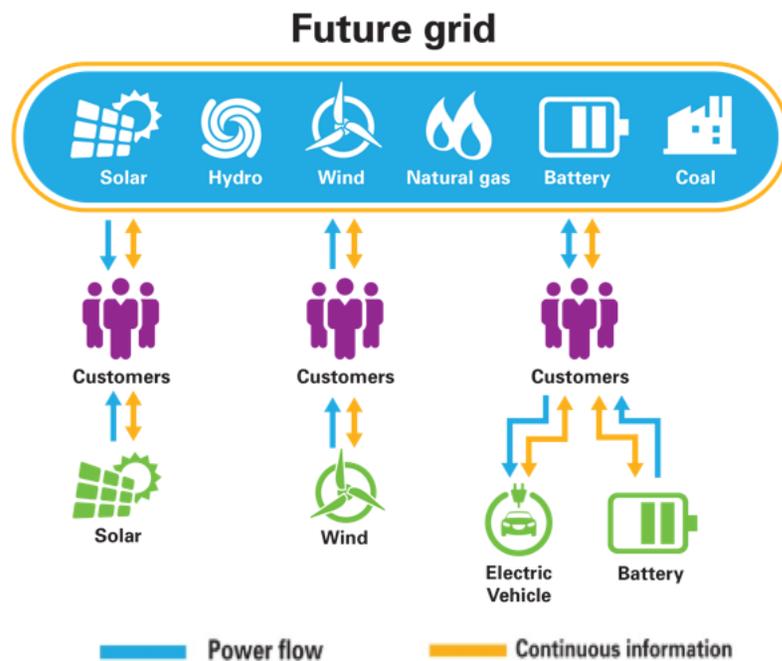
## *Diversifying renewable energy investments*



- Adding up to 400 megawatts (MW) of solar by 2023.
  - In addition to the almost 1,300 MW of wind owned and operated for Iowa customers.
- Reducing coal and emissions by retiring the 275 MW Lansing Generating Station and transitioning our Burlington Generating Station to natural gas.
- Adding battery storage and more connected energy to the network.
- Implementing our Smart Thermostat Demand Response program to benefit customers.

# 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

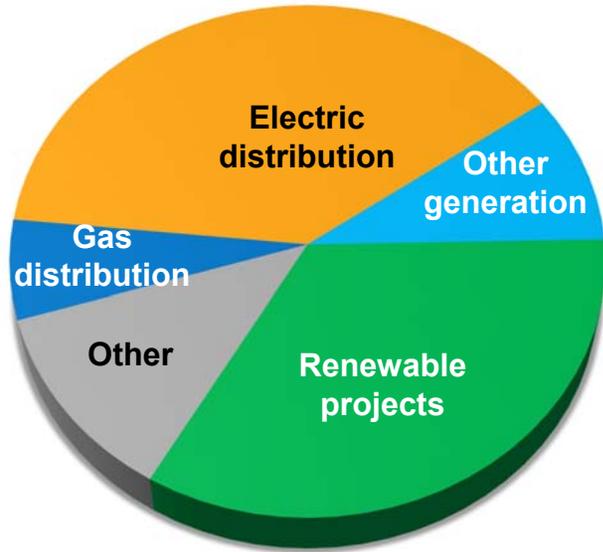


**Communications** – Fiber

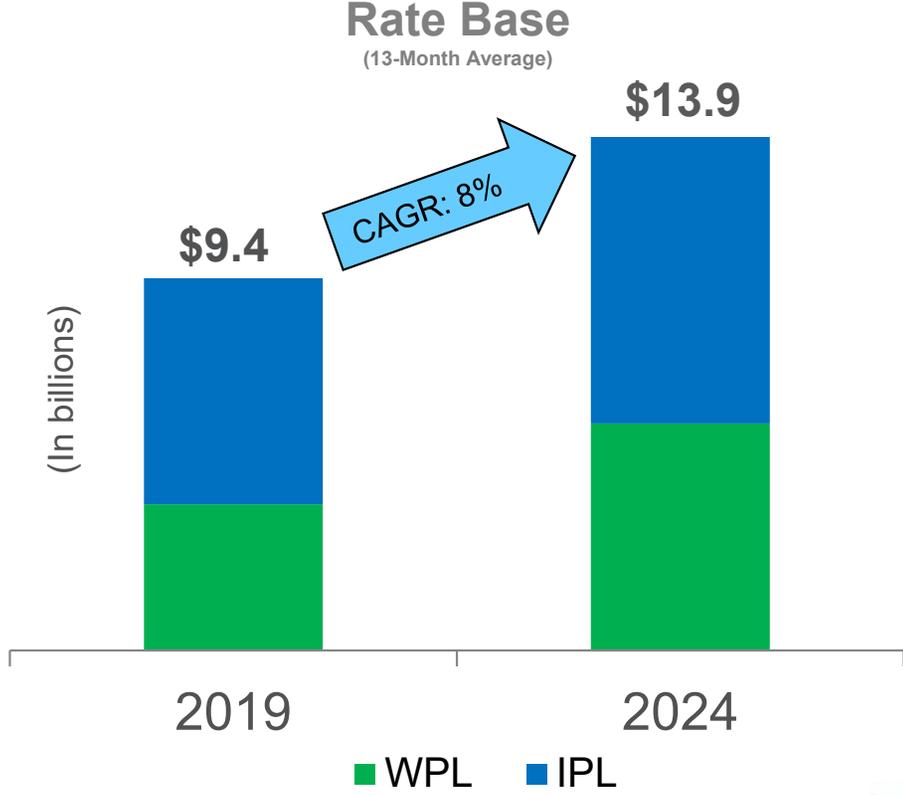


**Battery storage** – 650kW self-contained installation

# Customer-focused investments drive rate base growth



2020-2024 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

Focused on expansions or new customers

# 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

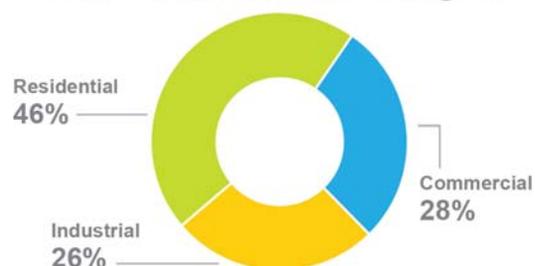
**\$2.40 - \$2.46<sup>(a)</sup>**

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 - September 2020 <sup>(a)</sup>
All Classes	(6%)	0%
Residential	5%	4%
Commercial and Industrial	(9%)	(2%)

(a) Excludes Derecho impact

(a) Diluted EPS for consolidated AEC

# Regulatory initiatives

# Key regulatory initiatives

	Estimated Dates
<b>Interstate Power and Light</b>	
<b>Iowa Utilities Board</b>	
File solar advance rate making principles	1H 2021
File subsequent proceeding regarding IPL retail electric and gas rate review - 2020 Test Period (RPU-2019-0001 and RPU-2019-0002)	Q2 2021
<b>Wisconsin Power and Light</b>	
<b>Public Service Commission of Wisconsin</b>	
Written decision regarding retail electric and gas rate review - 2021 Test Period (6680-UR-122)	Q4 2020
File retail electric and gas rate review (6680-UR-123)	Q2 2021
Decision regarding certificate of authority (CA) request for solar generation (6680-CE-182)	Q2 2021
File CA request for additional solar generation	1H 2021

# 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) (\$ in billions)	2021	
	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	2020E
GAAP EPS from continuing operations	\$1.69	\$1.65	\$1.99	\$2.19	\$2.33	\$2.45
• Temperature impacts	0.04		0.06	(0.06)	(0.05)	(0.01)
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)	
• Guarantee for affiliate of Whiting Petroleum						(0.02)
Non-GAAP temperature normalized EPS from continuing operations	\$1.79	\$1.88	\$1.99	\$2.11	\$2.26	\$2.42