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CHIEF CLERK'S OFFICE

Alliant Energy Corporation
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February 26, 2002

Ms. Donna M. Caton
Chief Clerk
Illinois Commerce Commission
527 East Capitol Avenue
Springfield, IL 62701

RE: Interstate Power Company and Interstate Power and Light Company Joint Application for Approval of Merger and Reorganization Docket No. 00-0261

Report pursuant to Order

Dear Ms. Caton:

Per the Commission's Order dated May 23, 2001, in the above referenced docket, please find enclosed an Original and ten (10) copies of the closing journal entries and the combined financial statements on behalf of Interstate Power and Light Company.

An extra copy of this letter, the enclosures, and a prepaid envelope are enclosed for your convenience in acknowledging receipt of this filing.

Very truly yours,

Kent M. Ragsdale
Kent M. Ragsdale
Managing Attorney
(319) 786-7765

KMR:jll
Enc.

cc: Ms. Leslie Pugh - Director of Accounting
Service List

CERTIFICATE OF SERVICE

I, Kent M. Ragsdale, hereby certify that a copy of the closing journal entries and the combined financial statements were filed and served on the person or persons copied on the cover letter by depositing same in the United States Mail depository with proper postage prepaid thereon, by UPS Overnight, by facsimile or by hand-delivery on February 26, 2002.

Kent M. Ragsdale

Kent M. Ragsdale
Managing Attorney
200 First Street S.E.
P.O. Box 351
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(319) 786-7765

Service list re 00-0261

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INTERSTATE POWER AND LIGHT COMPANY

JOURNAL ENTRY TO TRANSFER INTERSTATE POWER COMPANY BALANCE SHEET INTO IP&L BALANCE SHEET

BALANCE SHEET AT JANUARY 1, 2002

No.	Title of Account	IES Utilities Balance Sheet at 01/01/02	Journal Entry to Transfer IPC Into IPL on 01/01/02	Interstate Power & Light Company Balances @ 01/01/02
1	**UTILITY PLANT**			
2	Utility Plant (101-106, 114)	$ 2,816,555,881	$ 1,074,921,625	$ 3,891,477,506
3	Construction Work in Progress (107)	49,262,459	23,977,583	73,240,042
4	TOTAL Utility Plant	2,865,818,340	1,098,899,208	3,964,717,548
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108,111,115)	(1,490,572,535)	(556,182,209)	(2,046,754,744)
6	Net Utility Plant	1,375,245,805	542,716,999	1,917,962,804
7	Nuclear Fuel (120.1-120.4, 120.6)	37,407,488		37,407,488
8	(Less) Accum. Prov. for Amort.of Nucl. Fuel Assemblies(120.5)	-	-	
9	Net Nuclear Fuel	37,407,488	-	37,407,488
10	Net Utility Plant	1,412,653,293	542,716,999	1,955,370,292
11	Utility Plant Adjustments (116)	-	-	-
12	Gas Stored Underground-Noncurrent (117)	-	-	-
13	**OTHER PROPERTY AND INVESTMENTS**			
14	Nonutility Property (121)	8,978,941	280,779	9,259,720
15	(Less) Accum. Prov. for Depr. and Amort. (122)	(2,544,039)	(13,092)	(2,557,131)
16	Investments in Associated Companies (123)	-	-	-
17	*Investment in Subsidiary Companies (123.1)*	20,000	20,000	40,000
18				
19	Noncurrent Portion of Allowances	-	-	-
20	Other Investments (124)	8,358,169	6,788,165	15,146,334
21	Special Funds (125-128)	117,159,253	-	117,159,253
22	TOTAL Other Property and Investments	131,972,324	7,075,852	139,048,176
23	**CURRENT AND ACCRUED ASSETS**			
24	Cash (131)	4,049,020	1,308,909	5,357,929
25	Special Deposits (132-134)	180,057	636,838	816,895
26	Working Fund (135)	3,234,860	339,154	3,574,014
27	*Temporary Cash Investments (136)*	1,938,663	-	1,938,663
28	Notes Receivable (141)	1,164,948	1,062,093	2,227,041
29	Customer Accounts Receivable (142)	1,288,439	275,510	1,563,949
30	Other Accounts Receivable (143)	22,328,537	5,193,711	27,522,248
31	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)	(1,607,748)	(275,510)	(1,883,258)
32	Notes Receivable from Associated Companies (145)	-	-	-
33	Accounts Receivable from Assoc. Companies (146)	2,803,399	1,914,539	4,717,938
34	Fuel Stock (151)	12,189,245	19,554,770	31,744,015
35	Fuel Stock Expenses Undistributed (152)	285,164	53,736	338,900
36	Residuals (Elec) and Extracted Products (153)	-	-	-
37	*Plant Materials and Operating Supplies (154)*	22,936,166	4,660,469	27,596,635
38	Merchandise (155)	-	-	-
39	Other Materials and Supplies (156)	664,781	-	664,781
40	Nuclear Materials Held for Sale (157)	-	-	-
41	Allowances (158.1 and 158.2)	-	-	-
42	(Less) Noncurrent Portion of Allowances	-	-	-
43	Stores Expense Undistributed (163)	892,246	237,428	1,129,674
44	Gas Stored Underground-Current (164.1)	15,694,233	2,752,444	18,446,677
45	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)	-	-	-
46	Prepayments (165)	1,544,590	731,609	2,276,199
47	*Advances for Gas (166-167)*	-	-	-
48	Interest and Dividends Receivable (171)	4,705,375	-	4,705,375
49	Rents Receivable (172)	-	-	-
50	Accrued Utility Revenues (173)	16,232,784	3,717,136	19,949,920
51	Miscellaneous Current and Accrued Assets (174)	(9,490,473)	1,973,629	(7,516,844)
52	TOTAL Current and Accrued Assets	$ 101,034,286	$ 44,136,465	$ 145,170,751

INTERSTATE POWER AND LIGHT COMPANY

JOURNAL ENTRY TO TRANSFER INTERSTATE POWER COMPANY BALANCE SHEET INTO IP&L BALANCE SHEET

BALANCE SHEET AT JANUARY 1, 2002

No.	Title of Account	IES Utilities Balance Sheet at 01/01/02	Journal Entry to Transfer IPC Into IPL on 01/01/02	Interstate Power & Light Company Balances @ 01/01/02
53	**DEFERRED DEBITS**			
54	Unamortized Debt Expenses (181)	$ 5,001,037	$ 1,037,044	$ 6,038,081
55	Extraordinary Property Losses (182.1)	-	-	-
56	Unrecovererd Plant and Regulatory Study Costs (182.2)	11,642,843	-	11,642,843
57	Other Regulatory Assets (182.3)	117,575,724	55,453,604	173,029,328
58	Prelim. Survey and Investigation Charges (Electric) (183)	11,009	-	11,009
59	Prelim. Sur. and Invest. Charges (Gas) (183.1, 183.2)	-	-	-
60	Clearing Accounts (184)	(9,254)	(1,664)	(10,918)
61	Temporary Facilities (185)	-	-	-
62	Miscellaneous Deferred Debits (186)	4,815,887	20,001,278	24,817,165
63	Def. Losses from Disposition of Utility Plt. (187)	-	-	-
64	Research, Devel. and Demonstration Expend. (188)	-	-	-
65	Unamortized Loss on Reacquired Debt (189)	2,983,682	4,305,539	7,289,221
66	Accumulated Deferred Income Taxes (190)	68,107,254	21,943,452	90,050,706
67	Unrecoverred Purchased Gas Costs (191)	-	-	-
68	TOTAL Deferred Debits	210,128,182	102,739,253	312,867,435
69	**TOTAL Assets and other Debits**	**$ 1,855,788,085**	**$ 696,668,569**	**$ 2,552,456,654**

INTERSTATE POWER AND LIGHT COMPANY

JOURNAL ENTRY TO TRANSFER INTERSTATE POWER COMPANY BALANCE SHEET INTO IP&L BALANCE SHEET

BALANCE SHEET AT JANUARY 1, 2002

No.	Title of Account	IES Utilities Balance Sheet at 01/01/02	Journal Entry to Transfer IPC Into IPL on 01/01/02	Interstate Power & Light Company Balances @ 01/01/02
1	**PROPRIETARY CAPITAL**			
2	Common Stock Issued (201)	$ 33,426,970	$ -	$ 33,426,970
3	Preferred Stock Issued (204)	18,320,300	38,069,050	56,389,350
4	Capital Stock Subscribed (202, 205)	-	-	-
5	Stock Liability for Conversion (203, 206)	-	-	-
6	Premium on Capital Stock (207)	154,826,328	104,249,119	259,075,447
7	Other Paid-in Capital (208-211)	124,785,818	35,555,146	160,340,964
8	Installments Received on Capital Stock (212)	-	-	-
9	(Less) Discount on Capital Stock (213)	-	(1,485,332)	(1,485,332)
10	(Less) Capital Stock Expense (214)	-	-	-
11	Retained Earnings (215, 215.1, 216)	279,184,580	89,017,887	368,202,467
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	-	-	-
13	(Less) Reacquired Capital Stock (217)	-	-	-
14	TOTAL Proprietary Capital	610,543,996	265,405,870	875,949,866
15	**LONG-TERM DEBT**			
16	Bonds (221)	669,190,000	168,150,000	837,340,000
17	(Less) Reacquired Bonds (222)	-	-	-
18	Advances from Associated Companies (223)	11,693,167	5,367,375	17,060,542
19	Other Long-Term Debt (224)	28,000,000	-	28,000,000
20	Unamortized Premium on Long-Term Debt (225)	-	-	-
21	(Less) Unamortized Discount on Long-term Debt-Debit (226)	(2,158,374)	(2,554,088)	(4,712,462)
22	TOTAL Long-Term Debt	706,724,793	170,963,287	877,688,080
23	**OTHER NONCURRENT LIABILITIES**			
24	Obligations Under Capital Leases-Noncurrent (227)	22,129,345	42,123	22,171,468
25	Accumulated Provision for Property Insurance (228.1)	-	-	-
26	Accumulated Provision for Injuries and Damages (228.2)	2,703,057	838,629	3,541,686
27	Accumulated Provision for Pensions and Benefits (228.3)	6,687,355	5,301,094	11,988,449
28	Accumulated Miscellaneous Operating Provisions (228.4)	7,747,400	-	7,747,400
29	Accumulated Provision for Rate Refunds (229)	-	-	-
30	TOTAL OTHER Noncurrent Liabilities	39,267,157	6,181,846	45,449,003
31	**CURRENT AND ACCRUED LIABILITIES**			
32	Notes Payable (231)	-	-	-
33	Accounts Payable (232)	42,253,891	14,681,046	56,934,937
34	Notes Payable to Associated Companies (233)	-	39,985,776	39,985,776
35	Accounts Payable to Associated Companies (234)	14,083,487	7,111,440	21,194,927
36	Customer Deposits (235)	1,918,893	1,148,280	3,067,173
37	Taxes Accrued (236)	53,380,397	17,367,052	70,747,449
38	Interest Accrued (237)	12,179,385	2,535,583	14,714,968
39	Dividends Declared (238)	228,451	598,598	827,049
40	Matured Long-Term Debt (239)	-	283	283
41	Matured Interests (240)	-	8,147	8,147
42	Tax Collections Payable (241)	(1,274,810)	844,268	(430,542)
43	Miscellaneous Current and Accrued Liabilities (242)	18,546,612	4,698,587	23,245,199
44	Obligations Under Capital Leases-Current (243)	15,278,143	13,814	15,291,957
45	TOTAL Current and Accrued Liabilities	$ 156,594,449	$ 88,992,874	$ 245,587,323

INTERSTATE POWER AND LIGHT COMPANY

JOURNAL ENTRY TO TRANSFER INTERSTATE POWER COMPANY BALANCE SHEET INTO IP&L BALANCE SHEET

BALANCE SHEET AT JANUARY 1, 2002

No.	Title of Account	IES Utilities Balance Sheet at 01/01/02	Journal Entry to Transfer IPC Into IPL on 01/01/02	Interstate Power & Light Company Balances @ 01/01/02
46	**DEFERRED CREDITS**			
47	Customer Advances for Construction (252)	$ 3,066,797	$ 426,585	$ 3,493,382
48	Accumulated Deferred Investment Tax Credits (255)	22,698,156	11,793,091	34,491,247
49	Deferred Gains from Disposition of Utility Plant (256)	-	-	-
50	Other Deferred Credits (253)	39,347,823	28,144,236	67,492,059
51	Other Regulatory Liabilities (254)	18,616,436	25,628,182	44,244,618
52	Unamortized Gain on Reacquired Debt (257)	-	-	-
53	Accumulated Deferred Income Taxes (281-283)	258,928,478	99,132,598	358,061,076
54	TOTAL Deferred Credits	$ 342,657,690	$ 165,124,692	$ 507,782,382
55				
56				
57				
58				
59				
60				
61				
62				
63				
64				
65				
66				
67				
68	**TOTAL Liabilities and Other Credits**	**$ 1,855,788,085**	**$ 696,668,569**	**$ 2,552,456,654**

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K/A

AMENDMENT NO. 1 TO CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):	January 1, 2002

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) 222 West Washington Avenue Madison, Wisconsin 53703 Telephone (608) 252-3311	39-1380265
0-4117-1	INTERSTATE POWER AND LIGHT COMPANY (an Iowa corporation) Alliant Energy Tower Cedar Rapids, Iowa 52401 Telephone (319) 398-4411	42-0331370

IES Utilities Inc.
(Former name of Interstate Power and Light Company)

This combined Form 8-K/A is separately filed by Alliant Energy Corporation and Interstate Power and Light Company.

The undersigned registrants hereby amend Item 7 of their Current Report on Form 8-K dated January 1, 2002 to provide in its entirety as follows:

Item 7. Financial Statements and Exhibits.

(a) Financial Statements of the Business Acquired.

Historical financial statements of IPC required by this Item 7 are as follows:

Index to Financial Statements

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Shareowners of Interstate Power Company:

We have audited the accompanying balance sheet and statement of capitalization of Interstate Power Company (a Delaware corporation) as of December 31, 2000, and the related statement of income, cash flows and changes in common equity for the period ended December 31, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Interstate Power Company as of December 31, 2000, and the results of its operations and its cash flows for the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States.

/s/ ARTHUR ANDERSEN LLP
ARTHUR ANDERSEN LLP

Milwaukee, Wisconsin
January 29, 2001
(except with respect to the matters discussed in
Note 1(a) as to which the date is January 1, 2002)

INTERSTATE POWER COMPANY
STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2000
(in thousands)

Operating revenues:	
Electric utility	$304,386
Gas utility	53,615
	358,001
Operating expenses:	
Electric production fuels	57,049
Purchased power	64,304
Cost of gas sold	35,251
Other operation and maintenance	92,693
Depreciation and amortization	35,407
Taxes other than income taxes	16,475
	301,179
Operating income	56,822
Interest expense and other:	
Interest expense	16,272
Allowance for funds used during construction	(824)
Miscellaneous, net	(2,300)
	13,148
Income before income taxes	43,674
Income taxes	14,970
Net income	28,704
Preferred dividend requirements	2,489
Earnings available for common stock	$26,215

The accompanying Notes to Financial Statements are an integral part of this statement.

INTERSTATE POWER COMPANY
BALANCE SHEET
DECEMBER 31, 2000
(in thousands)

ASSETS	
Property, plant and equipment:	
Utility -	
Plant in service -	
Electric	$941,400
Gas	78,984
Common	14,374
	1,034,758
Less - Accumulated depreciation	523,057
	511,701
Construction work in progress	13,371
	525,072
Other property, plant and equipment	276
	525,348
Current assets:	
Cash and temporary cash investments	2,871
Accounts receivable:	
Customer, less allowance for doubtful accounts of $356	50,658
Associated companies	1,758
Other	1,955
Income tax refunds receivable	5,161
Production fuel, at average cost	16,349
Materials and supplies, at average cost	5,973
Gas stored underground, at average cost	5,210
Adjustment clause balances	3,670
Regulatory assets	10,803
Prepayments and other	2,422
	106,830
Investments	7,193
Other assets:	
Regulatory assets	50,704
Deferred charges and other	15,672
	66,376
Total assets	$705,747

The accompanying Notes to Financial Statements are an integral part of this statement.

INTERSTATE POWER COMPANY
BALANCE SHEET (Continued)
DECEMBER 31, 2000
(in thousands)

CAPITALIZATION AND LIABILITIES

Capitalization (See Statement of Capitalization):	
Common stock	**$34,221**
Additional paid-in capital	**108,690**
Retained earnings	**86,058**
Total common equity	**228,969**
Cumulative preferred stock, not mandatorily redeemable	**10,819**
Cumulative preferred stock, mandatorily redeemable	**24,687**
Long-term debt	**170,401**
	434,876
Current liabilities:	
Notes payable to associated companies	**68,218**
Accounts payable	**22,717**
Accounts payable to associated companies	**12,236**
Accrued interest	**2,666**
Accrued taxes	**13,934**
Other	**9,643**
	129,414
Other long-term liabilities and deferred credits:	
Accumulated deferred income taxes	**93,548**
Accumulated deferred investment tax credits	**12,829**
Environmental liabilities	**14,380**
Pension and other benefit obligations	**8,191**
Other	**12,509**
	141,457
Total capitalization and liabilities	**$705,747**

The accompanying Notes to Financial Statements are an integral part of this statement.

INTERSTATE POWER COMPANY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2000
(in thousands)

Cash flows from operating activities:	
Net income	$28,704
Adjustments to reconcile net income to net cash flows from operating activities:	
Depreciation and amortization	35,407
Amortization of deferred energy efficiency expenditures	11,290
Deferred tax benefits and investment tax credits	(1,233)
Other	754
Other changes in assets and liabilities:	
Accounts receivable	(15,769)
Gas stored underground	(2,145)
Accounts payable	11,963
Benefit obligations and other	(12,213)
Net cash flows from operating activities	56,758
Cash flows from financing activities:	
Common stock dividends declared	(21,706)
Preferred stock dividends	(2,489)
Net change in short-term borrowings	29,020
Other	59
Net cash flows from financing activities	4,884
Cash flows used for investing activities:	
Utility construction expenditures	(50,637)
Other	(11,679)
Net cash flows used for investing activities	(62,316)
Net decrease in cash and temporary cash investments	(674)
Cash and temporary cash investments at beginning of period	3,545
Cash and temporary cash investments at end of period	$2,871
Supplemental cash flows information:	
Cash paid during the period for:	
Interest	$13,362
Income taxes	$21,999

The accompanying Notes to Financial Statements are an integral part of this statement.

INTERSTATE POWER COMPANY
STATEMENT OF CAPITALIZATION
DECEMBER 31, 2000
(in thousands, except share amounts)

Common equity:					
Common stock - $3.50 par value - authorized 30,000,000 shares;					
9,777,432 shares outstanding					**$34,221**
Additional paid-in capital					**108,690**
Retained earnings					**86,058**
					228,969

Cumulative preferred stock:					
Par/Stated Value	Authorized Shares	Shares Outstanding	Series	Mandatory Redemption	
$50	*	216,381	4.36% - 7.76%	No	**10,819**
$50	*	545,000	6.40%	Yes **	**27,250**
					38,069
Less: unamortized expenses					**(2,563)**
					35,506

* 2,000,000 authorized shares in total
** $53.20 mandatory redemption price

Long-term debt:	
First Mortgage Bonds:	
8% series, due 2007	**25,000**
8-5/8% series, due 2021	**25,000**
7-5/8% series, due 2023	**94,000**
	144,000
Pollution Control Revenue Bonds:	
5.75%, due 2003	**1,000**
6.25%, due 2009	**1,000**
6.30%, due 2010	**5,600**
6.35%, due 2012	**5,650**
Variable/fixed rate series 1998 (4.30% through 2003), due 2005 to 2008	**4,950**
Variable/fixed rate series 1999 (4.05% through 2004), due 2010	**3,250**
Variable/fixed rate series 1999 (4.20% through 2004), due 2013	**7,700**
	29,150
	173,150
Less:	
Unamortized debt premium and (discount), net	**(2,749)**
	170,401
Total capitalization	**$434,876**

The accompanying Notes to Financial Statements are an integral part of this statement.

INTERSTATE POWER COMPANY
STATEMENT OF CHANGES IN COMMON EQUITY

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Common Equity
			(in thousands)		
2000:					
Beginning balance	$34,221	$108,748	$81,549	$ -	$224,518
Comprehensive income:					
Earnings available for common stock			26,215		26,215
Other comprehensive income (loss):					
Unrealized gains (losses) on derivatives qualified as hedges:					
Unrealized holding gains arising during period due to cumulative effect of a change in accounting principle, net of tax of $2				3	3
Other unrealized holding losses arising during period, net of tax of $2				(3)	(3)
Net unrealized gains (losses) on qualifying derivatives				-	-
Total comprehensive income					26,215
Common stock dividends			(21,706)		(21,706)
Common stock issued		(58)			(58)
Ending balance	$34,221	$108,690	$86,058	$ -	$228,969

The accompanying Notes to Financial Statements are an integral part of this statement.

INTERSTATE POWER COMPANY
NOTES TO FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) General - The financial statements include the accounts of Interstate Power Company (IPC), which is a subsidiary of Alliant Energy Corporation (Alliant Energy). IPC is engaged principally in the generation, transmission, distribution and sale of electric energy and the purchase, distribution, transportation and sale of natural gas in Iowa, Minnesota and Illinois.

On March 15, 2000, the boards of directors of IESU and IPC approved a merger agreement (as amended on November 29, 2000) for IPC to merge with and into IESU (the "Agreement"). The merger of IPC with and into IESU was approved by their respective shareowners in April 2001 and by the SEC in October 2001. The merger was effective January 1, 2002 and IESU changed its name to Interstate Power and Light Company. Each share of IPC common stock outstanding was cancelled without payment and each share of IPC preferred stock outstanding was cancelled and converted into the right to receive one share of a new class of IESU Class A preferred stock with substantially identical designations, rights and preferences as the previously outstanding IPC preferred stock. IPC and IESU were both wholly-owned operating subsidiaries of Alliant Energy. As such, the transaction was accounted for as a common control merger.

The financial statements are prepared in conformity with accounting principles generally accepted in the United States, which give recognition to the rate making and accounting practices of the Federal Energy Regulatory Commission (FERC) and state commissions having regulatory jurisdiction.

The preparation of the financial statements requires management to make estimates and assumptions that affect: a) the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements; and b) the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(b) Regulation - IPC is subject to regulation by FERC, the Iowa Utilities Board (IUB), the Minnesota Public Utilities Commission (MPUC) and the Illinois Commerce Commission.

(c) Regulatory Assets - IPC is subject to the provisions of Statement of Financial Accounting Standards (SFAS) 71, "Accounting for the Effects of Certain Types of Regulation," which provides that rate-regulated public utilities record certain costs and credits allowed in the rate making process in different periods than for non-regulated entities. These are deferred as regulatory assets or accrued as regulatory liabilities and are recognized in the Statement of Income at the time they are reflected in rates. At December 31, 2000, regulatory assets of $61.5 million were comprised of the following items (in millions):

Tax-related (Note 1(d))	$31.9
Environmental liabilities (Note 11(d))	14.7
Energy efficiency program costs	9.2
Other	5.7
	$61.5

If a portion of IPC's operations becomes no longer subject to the provisions of SFAS 71 as a result of competitive restructuring or otherwise, a write-down of related regulatory assets would be required, unless some form of transition cost recovery is established by the appropriate regulatory body that would meet the requirements under generally accepted accounting principles for continued accounting as regulatory assets during such recovery period. In addition, IPC would be required to determine any impairment of other assets and write-down such assets to their fair value.

(d) Income Taxes - IPC follows the liability method of accounting for deferred income taxes, which requires the establishment of deferred tax assets and liabilities, as appropriate, for all temporary differences between the tax basis of assets and liabilities and the amounts reported in the financial statements. Deferred taxes are recorded using currently enacted tax rates.

Except as noted below, income tax expense includes provisions for deferred taxes to reflect the tax effects of temporary differences between the time when certain costs are recorded in the accounts and when they are deducted for tax return purposes. As temporary differences reverse, the related accumulated deferred income taxes are reversed to income. Investment tax credits have been deferred and are subsequently credited to income over the average lives of the related property.

Consistent with Iowa rate making practices, deferred tax expense is not recorded for certain temporary differences (primarily related to utility property, plant and equipment). As the deferred taxes become payable (over periods exceeding 30 years for some generating plant differences) they are recovered through rates. Accordingly, IPC has recorded deferred tax liabilities and regulatory assets for certain temporary differences, as identified in Note 1(c).

Alliant Energy files a consolidated federal income tax return. Under the terms of an agreement between Alliant Energy and its subsidiaries (including IPC), the subsidiaries calculate their respective federal income tax provisions and make payments to or receive payments from Alliant Energy as if they were separate taxable entities.

(e) Temporary Cash Investments - Temporary cash investments are stated at cost, which approximates market value, and are considered cash equivalents for the Balance Sheet and the Statement of Cash Flows. These investments consist of short-term liquid investments that have maturities of less than 90 days from the date of acquisition.

(f) Depreciation of Utility Property, Plant and Equipment - IPC uses the straight-line depreciation method as approved by its regulatory commissions. In 2000, the average rates of depreciation for electric and gas properties, consistent with current rate making practices, were 3.5% and 3.6%, respectively.

(g) Property, Plant and Equipment - Utility plant is recorded at original cost, which includes overhead and administrative costs and allowance for funds used during construction (AFUDC). In 2000, the aggregate gross AFUDC recovery rate, computed in accordance with the prescribed regulatory formula, was 6.5%.

Other property, plant and equipment is recorded at original cost. Upon retirement or sale of other property and equipment, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is included in "Miscellaneous, net" in the Statement of Income. Ordinary retirements of utility plant, including removal costs less salvage value, are charged to accumulated depreciation upon removal from utility plant accounts and no gain or loss is recognized.

(h) Operating Revenues - IPC accrues revenues for services rendered but unbilled at month-end.

(i) Utility Fuel Cost Recovery - IPC's tariffs provide for subsequent adjustments to its electric and natural gas rates for changes in the cost of fuel, purchased energy and natural gas purchased for resale. Changes in the under/over collection of these costs are reflected in "Electric production fuels" and "Cost of gas sold" in the Statement of Income. The cumulative effects are reflected on the Balance Sheet as a current asset or current liability, pending automatic reflection in future billings to customers. Purchased-power capacity costs are not recovered from electric customers through energy adjustment clauses. Recovery of these costs must be addressed in base rates in a formal rate proceeding.

(j) Derivative Financial Instruments - IPC uses derivative financial instruments to hedge exposures to fluctuations in certain commodity prices. IPC does not use such instruments for speculative purposes. In accordance with SFAS 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities - an Amendment of SFAS 133," the fair value of all derivatives are recorded as assets or liabilities on the Balance Sheet and gains and losses related to derivatives that are designated as, and qualify as hedges, are recognized in earnings when the underlying hedged item or physical transaction is recognized in income. Gains and losses related to derivatives that do not qualify for, or are not designated in hedge relationships, are recognized in earnings immediately. IPC has commodity purchase and sales contracts for both capacity and energy that have been designated, and qualify for, the normal purchase and sale exception in SFAS 138. Based on this designation, these contracts are not accounted for as derivative instruments. Refer to Note 10 for further discussion of IPC's derivative financial instruments.

(2) APRIL 1998 ALLIANT ENERGY CORPORATION MERGER

In association with the 1998 merger between IPC, IES Industries Inc. and WPL Holdings, Inc., Alliant Energy entered into a three-year consulting agreement, which expires in the second quarter of 2001, with Wayne Stoppelmoor, the Chief Executive Officer of IPC prior to the consummation of the merger. Under the terms of the consulting agreement, Mr. Stoppelmoor, who was also Vice Chairman of Alliant Energy's Board of Directors until April 2000, received a fee of $200,000 in 2000 for his services.

(3) LEASES

IPC's operating lease rental expense for 2000 was $2.0 million. IPC's future minimum lease payments by year are as follows (in thousands):

Year	Capital Leases	Operating Leases
2001	$14.1	$2,020.3
2002	14.1	1,313.4
2003	14.1	1,203.4
2004	14.1	319.4
2005	14.2	7.5
Thereafter	4.7	75.0
	75.3	$4,939.0
Less: Amount representing interest	7.8	
Present value of net minimum capital lease payments	$67.5	

(4) UTILITY ACCOUNTS RECEIVABLE

Utility customer accounts receivable, including unbilled revenues, arise primarily from the sale of electricity and natural gas. At December 31, 2000, IPC was serving a diversified base of residential, commercial and industrial customers and did not have any significant concentrations of credit risk.

(5) INCOME TAXES

The components of federal and state income taxes for IPC for the year ended December 31, 2000 were as follows (in millions):

Current tax expense	$16.2
Deferred tax expense	(0.2)
Amortization of investment tax credits	(1.0)
	$15.0

The overall effective income tax rate shown below for the year ended December 31, 2000 was computed by dividing total income tax expense by income before income taxes.

Statutory federal income tax rate	35.0%
State income taxes, net of federal benefits	5.4
Effect of rate making on property related differences	1.7
Amortization of investment tax credits	(2.4)
Adjustment of prior period taxes	(4.7)
Other items, net	(0.7)
Overall effective income tax rate	34.3%

The accumulated deferred income tax (assets) and liabilities included on the Balance Sheet at December 31, 2000 arise from the following temporary differences (in millions):

Property related	$104.6
Investment tax credit related	(9.0)
Other	(2.1)
	$93.5

(6) PENSION PLANS AND OTHER POSTRETIREMENT BENEFITS

IPC has two non-contributory defined benefit pension plans that cover substantially all of its employees. Benefits are based on the employees' years of service and compensation. IPC also provides certain postretirement health care and life benefits to eligible retirees. In general, the health care plans are contributory with participants' contributions adjusted annually and the life insurance plans are non-contributory.

The weighted-average assumptions as of the measurement date of September 30, 2000 were as follows:

	Qualified Pension Benefits	Other Postretirement Benefits
Discount rate	8%	8%
Expected return on plan assets	9%	9%
Rate of compensation increase	3.5%	N/A
Medical cost trend on covered charges:		
Initial trend rate	N/A	9%
Ultimate trend rate	N/A	5%

The components of IPC's qualified pension benefits and other postretirement benefits costs for 2000 were as follows (in thousands):

	Qualified Pension Benefits	Other Postretirement Benefits
Service cost	$1,059	$690
Interest cost	2,251	2,701
Expected return on plan assets	(2,661)	(1,226)
Amortization of:		
Transition obligation	154	998
Prior service cost	164	(224)
Actuarial gain	--	(229)
Total	$967	$2,710

The pension benefit cost shown above (and in the following tables) represents only the pension benefit cost for bargaining unit employees of IPC covered under the IPC Retirement Income Plan sponsored by IPC. The pension benefit cost for IPC's non-bargaining employees who are now participants in other Alliant Energy plans was $0.7 million for 2000. In addition, Alliant Energy Corporate Services, Inc. (Corporate Services) provides services to IPC. The allocated pension benefit cost associated with these services was $0.6 million for 2000. The other postretirement benefit cost shown previously for 2000 (and in the following tables) represents the other postretirement benefit cost for all IPC employees. The allocated other postretirement benefit cost associated with Corporate Services for IPC was $0.1 million for 2000.

The assumed medical trend rates are critical assumptions in determining the service and interest cost and accumulated postretirement benefit obligation related to postretirement benefit costs. A one percent change in the medical trend rates for 2000, holding all other assumptions constant, would have the following effects (in thousands):

	1 Percent Increase	1 Percent Decrease
Effect on total of service and interest cost components	$500	($400)
Effect on postretirement benefit obligation	$3,100	($2,800)

A reconciliation of the funded status of IPC's plans to the amounts recognized on IPC's Balance Sheet at December 31, 2000 was as follows (in thousands):

	Qualified Pension Benefits	Other Postretirement Benefits
Change in benefit obligation:		
Net benefit obligation at beginning of year	$28,057	$36,270
Service cost	1,059	690
Interest cost	2,251	2,701
Plan amendments	1,247	(3,170)
Actuarial loss (gain)	(1,780)	2,674
Gross benefits paid	(490)	(2,645)
Net benefit obligation at end of year	30,344	36,520
Change in plan assets:		
Fair value of plan assets at beginning of year	29,772	20,087
Actual return on plan assets	2,689	1,096
Employer contributions	--	4,745
Gross benefits paid	(490)	(2,645)
Fair value of plan assets at end of year	31,971	23,283
Funded status at end of year	1,627	(13,237)
Unrecognized net actuarial gain	(2,075)	(2,062)
Unrecognized prior service cost	2,391	(672)
Unrecognized net transition obligation	319	9,919
Net amount recognized at end of year	$2,262	($6,052)
Amounts recognized on the Balance Sheet consist of:		
Prepaid benefit cost	$2,262	$654
Accrued benefit cost	--	(6,706)
Net amount recognized at measurement date	2,262	(6,052)
Contributions paid after 9/30 and prior to 12/31	--	771
Net amount recognized at 12/31	$2,262	($5,281)

Alliant Energy sponsors several non-qualified pension plans which cover certain current and former officers. The pension expense allocated to IPC for these plans was $0.9 million in 2000.

A significant number of IPC employees also participate in defined contribution pension plans (401(k) plans). IPC's contributions to the plans, which are based on the participants' level of contribution, were $0.5 million in 2000.

(7) COMMON AND PREFERRED STOCK

(a) Common Stock - IPC has common stock dividend restrictions based on its respective bond indentures and articles of incorporation, and restrictions on the payment of common stock dividends commonly found with preferred stock. In addition, IPC's ability to pay common stock dividends is restricted based on requirements associated with sinking funds.

(b) Preferred Stock - In 1993, IPC issued 545,000 shares of 6.40%, $50 par value preferred stock with a final redemption date of May 1, 2022. Under the provisions of the mandatory sinking fund, beginning in 2003, IPC is required to redeem annually $1.4 million, or 27,250 shares of the preferred stock.

The carrying value of IPC's cumulative preferred stock at December 31, 2000 was $36 million. The fair market value, based upon the market yield of similar securities and quoted market prices, at December 31, 2000 was $33 million.

(8) DEBT

(a) Short-Term Debt - IPC participates in a utility money pool with Wisconsin Power and Light Company (WP&L) and IES Utilities Inc. (IESU), subsidiaries of Alliant Energy, that is funded, as needed, through the issuance of commercial paper by Alliant Energy. Interest expense and other fees are allocated based on borrowing amounts. Information regarding IPC's short-term debt for 2000 is as follows (dollars in millions):

As of year end:	
Money pool borrowings	$68.2
Interest rate on money pool borrowings	6.56%
For the year ended:	
Average amount of short-term debt (based on daily outstanding balances)	$42.4
Average interest rate on short-term debt	6.51%

(b) Long-Term Debt - IPC's First Mortgage Bonds are secured by substantially all of IPC's utility plant. Debt maturities for 2001 to 2005 are $0 million, $0 million, $1.0 million, $0 million and $2.7 million, respectively. Depending upon market conditions, it is currently anticipated that a majority of the maturing debt will be refinanced with the issuance of long-term securities.

The carrying value of IPC's long-term debt at December 31, 2000 was $170 million. The fair market value, based upon the market yield of similar securities and quoted market prices, at December 31, 2000 was $176 million.

(9) ESTIMATED FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of IPC's current assets and current liabilities approximates fair value because of the short maturity of such financial instruments. Since IPC is subject to regulation, any gains or losses related to the difference between the carrying amount and the fair value of its financial instruments may not be realized by IPC's parent.

(10) DERIVATIVE FINANCIAL INSTRUMENTS

IPC adopted SFAS 133 as of July 1, 2000. SFAS 133 requires that every derivative instrument be recorded on the balance sheet as an asset or liability measured at its fair value and that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met.

SFAS 133 requires that as of the date of initial adoption, the difference between the fair value of derivative instruments recorded on the balance sheet and the previous carrying amount of those derivatives be reported in net income or other comprehensive income, as appropriate, as the cumulative effect of a change in accounting principle in accordance with Accounting Principles Board Opinion 20, "Accounting Changes." In the third quarter of 2000, the impact of IPC adopting SFAS 133 as of July 1, 2000 did not affect net income before the cumulative effect of a change in accounting principle.

A limited number of IPC's fixed price commodity contracts are defined as derivatives under SFAS 133. The fair values of these derivative instruments have been recorded as assets and liabilities on the balance sheet and in the transition adjustment in accordance with the transition provisions of SFAS 133. Changes in the fair values of these instruments subsequent to July 1, 2000, to the extent that the derivatives are designated in cash flow hedging relationships and are effective at mitigating the underlying commodity risk, are recorded in other comprehensive income. At the date the underlying transaction occurs, the amounts accumulated in other comprehensive income are reported in the Statement of Income. To the extent that the hedges are not effective, the ineffective portion of the changes in fair value is recorded directly in earnings.

IPC's financial statement impact of recording the various SFAS 133 transactions at July 1, 2000 was as follows (in thousands):

Financial Statement Account	Financial Statement	Amount Increased
Other assets	Balance sheet	$5.8
Other liabilities	Balance sheet	2.4
Cumulative effect of a change in accounting principle (other comprehensive income)	Balance sheet	3.4

During 2000, $3,390 of net income included in the cumulative effect of a change in accounting principle component of accumulated other comprehensive income was reclassified into earnings, resulting in a remaining balance of $0 at December 31, 2000.

IPC's primary market risk exposures are associated with commodity prices. IPC has risk management policies to monitor and assist in controlling these market risks and uses derivative instruments to manage some of the exposures. During 2000, IPC held derivative instruments designated as cash flow hedging instruments and other derivatives. The cash flow hedging instruments were comprised of coal purchase and sales contracts which were used to manage the price of anticipated coal purchases and sales. IPC did not have any cash flow hedging instruments outstanding at December 31, 2000.

For the year ended December 31, 2000, there was no gain or loss recognized in earnings representing the amount of hedge ineffectiveness. IPC did not exclude any components of the derivative instruments' gain or loss from the assessment of hedge effectiveness and there were no reclasses into earnings as a result of the discontinuance of hedges.

IPC's derivatives that have not been designated in hedge relationships include electricity price collars, used to manage energy costs during supply/demand imbalances. During 2000, these derivatives were recorded at their fair market value as derivative assets, derivative liabilities and regulatory assets on the Balance Sheet.

(11) COMMITMENTS AND CONTINGENCIES

(a) Construction and Acquisition Program - IPC anticipates 2001 utility construction and acquisition expenditures will be approximately $59 million. During 2002-2005, IPC expects to spend approximately $239 million for utility construction and acquisition expenditures.

(b) Purchased-Power and Transmission, Coal and Natural Gas Contracts - Corporate Services has entered into purchased-power and transmission, coal, and natural gas supply, transportation and storage contracts as agent for IPC, WP&L and IESU. The natural gas supply commitments are all index-based. Based on the System Coordination and Operating Agreement, Alliant Energy annually allocates purchased-power contracts to the individual utilities. Such process considers factors such as resource mix, load growth and resource availability. Refer to Note 15 for additional information. In addition, Corporate Services has entered into various coal contracts as agent for IPC, WP&L and IESU. Contract quantities are allocated to specific plants at the individual utilities based on various factors including projected heat input requirements, combustion compatibility and efficiency. However, for 2001, 2002 and 2003, system-wide contracts of $21.3 million (5.1 million tons), $1.7 million (0.5 million tons) and $1.7 million (0.5 million tons), respectively, have not yet been allocated to the individual utilities due to the need for additional analysis of combustion compatibility and efficiency. Corporate Services expects to supplement its coal and natural gas supplies with spot market purchases as needed. The minimum commitments directly assigned to IPC were as follows (dollars and dekatherms (Dths) in millions; megawatt-hours (MWhs) and tons in thousands):

	Purchased-power and transmission		Coal (including transportation)		Natural gas supply, transportation and storage contracts	
	Dollars	MWhs	Dollars	Tons	Dollars	Dths
2001	$13.8	62	$8.3	2,165	$16.3	28
2002	5.0	61	4.8	1,824	5.2	19
2003	3.1	61	4.2	1,706	2.8	14
2004	--	--	1.3	533	--	--
2005	--	--	1.3	533	--	--

(c) Information Technology Services - Corporate Services has an agreement, expiring in 2004, with Electronic Data Systems Corporation (EDS) for information technology services. IPC's anticipated operating and capital expenditures under the agreement for 2001 are estimated to total approximately $0.6 million. Future costs under the agreement are variable and are dependent upon IPC's level of usage of technological services from EDS.

(d) Environmental Liabilities - As of December 31, 2000, IPC had recorded environmental liabilities and regulatory assets for manufactured gas plant (MGP) sites of $15.5 million and $14.7 million, respectively. IPC has current or previous ownership interests in 9 MGP sites previously associated with the production of gas for which it may be liable for investigation, remediation and monitoring costs relating to the sites. IPC has received letters from state environmental agencies requiring no further action at one site. IPC is working pursuant to the requirements of various 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.

IPC records environmental liabilities based upon periodic studies, most recently updated in the third quarter of 2000, related to the MGP sites. Such amounts are based on the best current estimate of the remaining amount to be incurred for investigation, remediation and monitoring costs for those sites where the investigation process has been or is substantially completed, and the minimum of the estimated cost range for those sites where the investigation is in its earlier stages. It is possible that future cost estimates will be greater than current estimates as the investigation process proceeds and as additional facts become known. The amounts recognized as liabilities are reduced for expenditures made and are adjusted as further information develops or circumstances change. Costs of future expenditures for environmental remediation obligations are not discounted to their fair value. Management currently estimates the range of remaining costs to be incurred for the investigation, remediation and monitoring of all IPC sites to be approximately $11 million to $20 million.

The MPUC allows the deferral of MGP-related costs applicable to the Minnesota sites and IPC has been successful in obtaining approval to recover such costs in rates in Minnesota. The IUB has permitted utilities to recover prudently incurred costs. Regulatory assets have been recorded by IPC which reflect the probable future rate recovery, where applicable. Considering the current rate treatment, and assuming no material change therein, IPC believes that the clean-up costs incurred for these MGP sites will not have a material adverse effect on its financial condition or results of operations.

IPC has settled with all but one of its insurance carriers regarding reimbursement for its MGP-related costs. Insurance recoveries of $5.3 million were available as of December 31, 2000. Pursuant to its applicable rate making treatment, IPC has recorded its recoveries in "Other long-term liabilities and deferred credits."

(e) Legal Proceedings - IPC is involved in legal and administrative proceedings before various courts and agencies with respect to matters arising in the ordinary course of business. Although unable to predict the outcome of these matters, IPC believes that appropriate reserves have been established and final disposition of these actions will not have a material adverse effect on its financial condition or results of operations.

(12) JOINTLY-OWNED ELECTRIC UTILITY PLANT

Under joint ownership agreements with other Iowa utilities, IPC has undivided ownership interests in jointly-owned electric generating stations and related transmission facilities. Each of the respective owners is responsible for the financing of its portion of the construction costs. Kilowatt-hour generation and operating expenses are divided on the same basis as ownership with each owner reflecting its respective costs in its Statement of Income. Information relative to IPC's ownership interest in these facilities at December 31, 2000 was as follows (dollars in millions):

	Fuel Type	Ownership Interest %	Plant in Service	Accumulated Provision for Depreciation	Construction Work-In-Progress
Neal Unit 4	Coal	21.5	$83.5	$53.9	$--
Louisa Unit 1	Coal	4.0	24.7	13.2	--
			$108.2	$67.1	$--

(13) SEGMENTS OF BUSINESS

IPC is a regulated domestic utility, serving customers in Iowa, Minnesota and Illinois, and is broken down into three segments: a) electric operations; b) gas operations; and c) other, which includes the unallocated portions of the utility business. Various line items in the following tables are not allocated to the electric and gas segments for management reporting purposes and therefore are included in "Other." Intersegment revenues were not material to IPC's operations and there was no single customer whose revenues exceeded 10 percent or more of IPC's revenues. Certain financial information relating to IPC's significant business segments for 2000 was as follows (in millions):

	Electric	Gas	Other	Total
Operating revenues	$304.4	$53.6	$--	$358.0
Depreciation and amortization expense	32.7	2.7	--	35.4
Operating income	53.6	3.2	--	56.8
Interest expense, net of AFUDC			15.4	15.4
Miscellaneous, net			(2.3)	(2.3)
Income tax expense			15.0	15.0
Net income			28.7	28.7
Preferred dividends			2.5	2.5
Earnings available for common stock			26.2	26.2
Total assets	590.3	88.7	26.7	705.7
Construction and acquisition expenditures	45.7	4.9	--	50.6

(14) SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

	Quarter Ended			
	March 31	June 30	September 30	December 31
	(in millions)			
2000				
Operating revenues	$81.0	$80.1	$100.1	$96.8
Operating income	8.5	9.5	29.8	9.0
Net income	2.8	3.9	15.1	6.9
Earnings available for common stock	2.1	3.3	14.5	6.3

(15) RELATED PARTY ISSUES

In association with the 1998 merger that resulted in the formation of Alliant Energy, IPC, IESU and WP&L entered into a System Coordination and Operating Agreement which became effective with the merger. The agreement, which has been approved by FERC, provides a contractual basis for coordinated planning, construction, operation and maintenance of the interconnected electric generation and transmission systems of the three utility companies. In addition, the agreement allows the interconnected system to be operated as a single entity with off-system capacity sales and purchases made to market excess system capability or to meet system capability deficiencies. Such sales and purchases are allocated among the three utility companies based on procedures included in the agreement. The sales amounts allocated to IPC were $26.3 million for 2000. The purchases allocated to IPC were $64.2 million for 2000. The procedures were approved by both FERC and all state regulatory bodies having jurisdiction over these sales. Under the agreement, IPC, IESU and WP&L are fully reimbursed for any generation expense incurred to support the sale to an affiliate or to a non-affiliate. Any margins on sales to non-affiliates are distributed to the three utilities in proportion to each utility's share of electric production at the time of sale.

Pursuant to a service agreement approved by the Securities and Exchange Commission under the Public Utility Holding Company Act of 1935, IPC receives various administrative and general services from an affiliate, Corporate Services. These services are billed to IPC at cost based on payroll and other expenses incurred by Corporate Services for the benefit of IPC. These costs totaled $46.8 million for 2000, and consisted primarily of employee compensation, benefits and fees associated with various professional services. At December 31, 2000, IPC had an intercompany payable to Corporate Services of $11.6 million.

INTERSTATE POWER COMPANY
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	For the Nine Months Ended September 30, 2001	2000
	(in thousands)	
Operating revenues:		
Electric utility	**$233,156**	$232,719
Gas utility	**48,898**	28,419
	282,054	261,138
Operating expenses:		
Electric production fuels	**43,455**	41,851
Purchased power	**45,352**	50,107
Cost of gas sold	**35,013**	16,953
Other operation and maintenance	**69,033**	66,594
Depreciation and amortization	**28,097**	26,060
Taxes other than income taxes	**13,647**	11,795
	234,597	213,360
Operating income	**47,457**	47,778
Interest expense and other:		
Interest expense	**12,232**	11,996
Allowance for funds used during construction	**(619)**	(694)
Miscellaneous, net	**412**	(1,202)
	12,025	10,100
Income before income taxes	**35,432**	37,678
Income taxes	**14,423**	15,910
Net income	**21,009**	21,768
Preferred dividend requirements	**1,871**	1,866
Earnings available for common stock	**$19,138**	$19,902

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

INTERSTATE POWER COMPANY
CONSOLIDATED BALANCE SHEET (UNAUDITED)
SEPTEMBER 30, 2001
(in thousands)

ASSETS	
Property, plant and equipment:	
Utility -	
Plant in service -	
Electric	$964,222
Gas	80,876
Common	15,571
	1,060,669
Less - Accumulated depreciation	549,803
	510,866
Construction work in progress	18,880
	529,746
Other property, plant and equipment, net of accumulated depreciation and amortization of $102	179
	529,925
Current assets:	
Cash and temporary cash investments	2,293
Accounts receivable:	
Customer, less allowance for doubtful accounts of $522	7,603
Associated companies	1,522
Other	2,079
Production fuel, at average cost	18,615
Materials and supplies, at average cost	5,882
Gas stored underground, at average cost	3,687
Regulatory assets	4,016
Prepayments and other	5,079
	50,776
Investments	6,762
Other assets:	
Regulatory assets	50,342
Deferred charges and other	14,995
	65,337
Total assets	$652,800

The accompanying Notes to Consolidated Financial Statements are an integral part of this statement.

INTERSTATE POWER COMPANY
CONSOLIDATED BALANCE SHEET (UNAUDITED) (Continued)
SEPTEMBER 30, 2001
(in thousands, except share amounts)

CAPITALIZATION AND LIABILITIES	
Capitalization:	
Common stock - $3.50 par value - authorized 30,000,000 shares; 9,777,432 shares outstanding	$34,221
Additional paid-in capital	108,644
Retained earnings	88,916
Total common equity	231,781
Cumulative preferred stock, not mandatorily redeemable	10,819
Cumulative preferred stock, mandatorily redeemable	24,810
Long-term debt	165,574
	432,984
Current liabilities:	
Notes payable to associated companies	23,996
Accounts payable	15,169
Accounts payable to associated companies	11,901
Accrued taxes	19,843
Other	10,275
	81,184
Other long-term liabilities and deferred credits:	
Accumulated deferred income taxes	92,186
Accumulated deferred investment tax credits	12,052
Environmental liabilities	13,856
Pension and other benefit obligations	9,336
Other	11,202
	138,632
Total capitalization and liabilities	$652,800

The accompanying Notes to Consolidated Financial Statements are an integral part of this statement.

INTERSTATE POWER COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	For the Nine Months Ended September 30, 2001	2000
	(in thousands)	
Cash flows from operating activities:		
Net income	**$21,009**	$21,768
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	**28,097**	26,060
Amortization of deferred energy efficiency expenditures	**6,872**	8,454
Deferred tax benefits and investment tax credits	**(2,261)**	(3,822)
Other	**726**	615
Other changes in assets and liabilities:		
Accounts receivable	**43,167**	500
Production fuel	**(2,266)**	(7,410)
Gas stored underground	**1,523**	(2,436)
Accounts payable	**(6,438)**	2,047
Accrued taxes	**5,909**	6,675
Benefit obligations and other	**6,935**	(3,061)
Net cash flows from operating activities	**103,273**	49,390
Cash flows used for financing activities:		
Common stock dividends declared	**(16,280)**	(16,280)
Preferred stock dividends	**(1,871)**	(1,866)
Reductions in long-term debt	**(5,000)**	-
Net change in short-term borrowings	**(44,222)**	8,199
Other	**(207)**	(564)
Net cash flows used for financing activities	**(67,580)**	(10,511)
Cash flows used for investing activities:		
Utility construction expenditures	**(33,310)**	(34,796)
Other	**(2,961)**	(6,169)
Net cash flows used for investing activities	**(36,271)**	(40,965)
Net decrease in cash and temporary cash investments	**(578)**	(2,086)
Cash and temporary cash investments at beginning of period	**2,871**	3,545
Cash and temporary cash investments at end of period	**$2,293**	$1,459
Supplemental cash flows information:		
Cash paid during the period for:		
Interest	**$9,514**	$9,068
Income taxes	**$6,198**	$8,170

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

INTERSTATE POWER COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. The interim consolidated financial statements included herein have been prepared by Interstate Power Company (IPC), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with United States generally accepted accounting principles have been condensed or omitted, although management believes that the disclosures are adequate to make the information presented not misleading. The consolidated financial statements include IPC and its consolidated subsidiary related to its sale of accounts receivable program. IPC is a subsidiary of Alliant Energy Corporation.

   In the opinion of management, all adjustments, which are normal and recurring in nature, necessary for a fair presentation of (a) the consolidated results of operations for the nine months ended September 30, 2001 and 2000, (b) the consolidated financial position at September 30, 2001, and (c) the consolidated statements of cash flows for the nine months ended September 30, 2001 and 2000, have been made. Because of the seasonal nature of IPC's operations, results for the nine months ended September 30, 2001 are not necessarily indicative of results that may be expected for the year ending December 31, 2001.

2. IPC's comprehensive income, and the components of other comprehensive income, net of taxes, for the nine months ended September 30 were as follows (in thousands):

	2001	2000
Earnings available for common stock	**$19,138**	$19,902
Other comprehensive income:		
Unrealized gains (losses) on derivatives qualified as hedges:		
Unrealized holding gains arising during period due to cumulative effect of a change in accounting principle, net of tax	--	3
Other unrealized holding losses arising during period, net of tax	--	(3)
Net unrealized gains on qualifying derivatives	--	--
Other comprehensive income	--	--
Comprehensive income	**$19,138**	$19,902

3. Certain financial information relating to IPC's significant business segments is presented below. Intersegment revenues were not material to IPC's operations.

	Electric	Gas	Total
		(in thousands)	
Nine Months Ended September 30, 2001			
Operating revenues	**$233,156**	**$48,898**	**$282,054**
Operating income	**44,653**	**2,804**	**47,457**
Earnings available for common stock			**19,138**
Nine Months Ended September 30, 2000			
Operating revenues	$232,719	$28,419	$261,138
Operating income	47,186	592	47,778
Earnings available for common stock			19,902

4. The provisions for income taxes are based on the estimated annual effective tax rate, which differs from the federal statutory rate of 35% principally due to state income taxes, tax credits, effects of utility rate making and certain non-deductible expenses.

5. IPC's primary market risk exposures are associated with commodity prices. IPC has risk management policies to monitor and assist in controlling these market risks and uses derivative instruments to manage some of the exposures. During the nine months ended September 30, 2001, IPC held derivative instruments that were not designated in hedge relationships. During the nine months ended September 30, 2000, IPC held derivative instruments designated as cash flow hedging instruments and other derivatives. The cash flow hedging instruments were comprised of coal purchase and sales contracts which were used to manage the price of anticipated coal purchases and sales.

   For the nine months ended September 30, 2000, there was no gain or loss recognized in earnings representing the amount of hedge ineffectiveness. IPC did not exclude any components of the derivative instruments' gain or loss from the assessment of hedge effectiveness and there were no reclasses into earnings as a result of the discontinuance of hedges.

   IPC's derivatives that have not been designated in hedge relationships include electricity price collars, used to manage energy costs during supply/demand imbalances. During the nine months ended September 30, 2001, these derivatives were recorded at their fair market value as derivative assets, derivative liabilities and regulatory assets on the Balance Sheet.

6. The merger of IPC with and into IES Utilities Inc. was approved by their respective shareowners in April 2001 and by the SEC in October 2001. The merger was effective January 1, 2002 and IESU changed its name to Interstate Power and Light Company. The following illustrates the impact of the merger if it had occurred as of January 1, 2000 (in thousands):

	For the Nine Months Ended September 30,	
	2001	2000
Operating revenues	**$1,042,250**	$886,137
Earnings available for common stock	**76,590**	79,233

(b) Pro Forma Financial Information.

Pro forma financial information required by this Item 7 is as follows:

INTERSTATE POWER AND LIGHT COMPANY

UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

The unaudited pro forma combined financial statements for the surviving company, Interstate Power and Light Company (IP&L), combine the historical consolidated balance sheets and statements of income of IES Utilities Inc. (IESU) and Interstate Power Company (IPC) as adjusted by various balance sheet pro forma adjustments identified in Note 1. Pro forma income statement adjustments were not required. We have included all material adjustments known to us at this time which impact the reporting periods shown.

These pro forma combined financial statements set forth the restated combined financial data that will be presented for future comparative financial data for the merged company. These statements are prepared on the basis of accounting for the merger as a common control merger and are based on the assumptions set forth in the notes hereto.

The following information is not necessarily indicative of the financial position or operating results that would have occurred had the merger been consummated on the date, or at the beginning of the periods, for which the merger is being given effect nor is it necessarily indicative of future operating results or financial position.

INTERSTATE POWER AND LIGHT COMPANY
UNAUDITED PRO FORMA COMBINED BALANCE SHEET
September 30, 2001
(in thousands)

	IESU	IPC	Pro Forma Adjustments (See Note 1)	Pro Forma Combined
ASSETS				
Property, plant and equipment:				
Utility -				
Plant in service -				
Electric	$2,294,947	$964,222	$-	$3,259,169
Gas	228,993	80,876	-	309,869
Steam	59,554	-	-	59,554
Common	163,903	15,571	-	179,474
	2,747,397	1,060,669	-	3,808,066
Less - Accumulated depreciation	1,470,701	549,803	-	2,020,504
	1,276,696	510,866	-	1,787,562
Construction work in progress	97,974	18,880	-	116,854
Leased nuclear fuel, net	40,732	-	-	40,732
	1,415,402	529,746	-	1,945,148
Other property, plant and equipment, net	5,894	179	-	6,073
	1,421,296	529,925	-	1,951,221
Current assets:				
Cash and temporary cash investments	7,916	2,293	-	10,209
Temporary cash investments with associated companies	56,777	-	(23,996)	32,781
Accounts receivable:				
Customer, net	-	7,603	-	7,603
Associated companies	1,932	1,522	(168)	3,286
Other, net	6,028	2,079	-	8,107
Production fuel, at average cost	10,356	18,615	-	28,971
Materials and supplies, at average cost	24,612	5,882	-	30,494
Gas stored underground, at average cost	16,477	3,687	-	20,164
Regulatory assets	6,851	4,016	-	10,867
Prepayments and other	3,181	5,079	(3,153)	5,107
	134,130	50,776	(27,317)	157,589
Investments:				
Nuclear decommissioning trust funds	114,852	-	-	114,852
Other	6,281	6,762	-	13,043
	121,133	6,762	-	127,895
Other assets:				
Regulatory assets	115,849	50,342	-	166,191
Deferred charges and other	15,496	14,995	-	30,491
	131,345	65,337	-	196,682
Total assets	$1,807,904	$652,800	($27,317)	$2,433,387

The accompanying Notes to Unaudited Pro Forma Combined Balance Sheet are an integral part of this statement.

INTERSTATE POWER AND LIGHT COMPANY
UNAUDITED PRO FORMA COMBINED BALANCE SHEET (Continued)
September 30, 2001
(in thousands)

	IESU	IPC	Pro Forma Adjustments (See Note 1)	Pro Forma Combined
CAPITALIZATION AND LIABILITIES				
Capitalization:				
Common stock	$33,427	$34,221	($34,221)	$33,427
Additional paid-in capital	279,042	108,644	34,221	421,907
Retained earnings	281,305	88,916	-	370,221
Total common equity	593,774	231,781	-	825,555
Cumulative preferred stock, not mandatorily redeemable	18,320	10,819	-	29,139
Cumulative preferred stock, mandatorily redeemable	-	24,810	-	24,810
Long-term debt (excluding current portion)	694,407	165,574	-	859,981
	1,306,501	432,984	-	1,739,485
Current liabilities:				
Current maturities and sinking funds	560	-	-	560
Capital lease obligations	15,060	14	-	15,074
Notes payable to associated companies	-	23,996	(23,996)	-
Accounts payable	32,225	15,169	-	47,394
Accounts payable to associated companies	24,340	11,901	(168)	36,073
Accrued taxes	68,984	19,843	-	88,827
Other	35,662	10,261	(3,153)	42,770
	176,831	81,184	(27,317)	230,698
Other long-term liabilities and deferred credits:				
Accumulated deferred income taxes	212,684	92,186	-	304,870
Accumulated deferred investment tax credits	22,954	12,052	-	35,006
Environmental liabilities	27,597	13,856	-	41,453
Pension and other benefit obligations	24,596	9,336	-	33,932
Capital lease obligations	25,672	45	-	25,717
Other	11,069	11,157	-	22,226
	324,572	138,632	-	463,204
Total capitalization and liabilities	$1,807,904	$652,800	($27,317)	$2,433,387

The accompanying Notes to Unaudited Pro Forma Combined Balance Sheet are an integral part of this statement.

INTERSTATE POWER AND LIGHT COMPANY

NOTES TO UNAUDITED PRO FORMA COMBINED BALANCE SHEET
AS OF SEPTEMBER 30, 2001

1. Pro Forma Adjustments

	Merged Company Common Stock Adjustment (Note 1 (a))	Inter-Company Transactions (Note 1 (b))	Adjustment Clause Balances (Note 1 (c))	Utility Money Pool (Note 1(d))	Total Pro Forma Adjustments
			(in thousands)		
ASSETS					
Current assets:					
Temporary cash investments with associated companies	$-	$-	$-	($23,996)	($23,996)
Accounts receivable from associated companies	-	(168)	-	-	(168)
Prepayments and other	-	-	(3,153)	-	(3,153)
Total current assets	-	(168)	(3,153)	(23,996)	(27,317)
Total assets	$-	($168)	($3,153)	($23,996)	($27,317)
CAPITALIZATION AND LIABILITIES					
Capitalization:					
Common equity:					
Common stock	($34,221)	$-	$-	$-	($34,221)
Additional paid-in capital	34,221	-	-	-	34,221
Total common equity	-	-	-	-	-
Current liabilities:					
Notes payable to associated companies	-	-	-	(23,996)	(23,996)
Accounts payable to associated companies	-	(168)	-	-	(168)
Other	-	-	(3,153)	-	(3,153)
Total current liabilities	-	(168)	(3,153)	(23,996)	(27,317)
Total capitalization and liabilities	$-	($168)	($3,153)	($23,996)	($27,317)

(a) Merged Company Common Stock Adjustment
As provided in the Merger Agreement, all issued and outstanding shares of IPC common stock will be dissolved upon consummation of the merger. The pro forma adjustment to common equity restates the common stock account to equal the $2.50 par value of IESU's 13,370,788 shares of common stock and reclassifies the excess to additional paid-in capital.

(b) Intercompany Transactions
At September 30, 2001, intercompany receivables and payables between IESU and IPC during the period presented were eliminated from the pro forma balance sheet.

(c) Adjustment Clause Balances
An adjustment was needed to offset IPC's Adjustment Clause debit balance against IESU's Adjustment Clause credit balance.

(d) Utility Money Pool
An adjustment was needed to offset IPC's borrowings from the money pool against IESU's loans to the money pool.

INTERSTATE POWER AND LIGHT COMPANY
UNAUDITED PRO FORMA COMBINED STATEMENT OF INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2001
(in thousands)

	IESU	IPC	Pro Forma Combined
Operating revenues:			
Electric utility	$557,975	$233,156	$791,131
Gas utility	177,743	48,898	226,641
Steam	24,478	-	24,478
	760,196	282,054	1,042,250
Operating expenses:			
Electric and steam production fuels	106,709	43,455	150,164
Purchased power	107,441	45,352	152,793
Cost of gas sold	136,701	35,013	171,714
Other operation and maintenance	175,491	69,033	244,524
Depreciation and amortization	82,517	28,097	110,614
Taxes other than income taxes	33,121	13,647	46,768
	641,980	234,597	876,577
Operating income	118,216	47,457	165,673
Interest expense and other:			
Interest expense	39,080	12,232	51,312
Allowance for funds used during construction	(4,372)	(619)	(4,991)
Miscellaneous, net	(6,419)	412	(6,007)
	28,289	12,025	40,314
Income before income taxes	89,927	35,432	125,359
Income taxes	31,789	14,423	46,212
Net income	58,138	21,009	79,147
Preferred dividend requirements	686	1,871	2,557
Earnings available for common stock	$57,452	$19,138	$76,590

INTERSTATE POWER AND LIGHT COMPANY
UNAUDITED PRO FORMA COMBINED STATEMENT OF INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2000
(in thousands)

	IESU	IPC	Pro Forma Combined
Operating revenues:			
Electric utility	$496,934	$232,719	$729,653
Gas utility	107,767	28,419	136,186
Steam	20,298	-	20,298
	624,999	261,138	886,137
Operating expenses:			
Electric and steam production fuels	88,440	41,851	130,291
Purchased power	59,464	50,107	109,571
Cost of gas sold	68,291	16,953	85,244
Other operation and maintenance	158,865	66,594	225,459
Depreciation and amortization	80,555	26,060	106,615
Taxes other than income taxes	35,562	11,795	47,357
	491,177	213,360	704,537
Operating income	133,822	47,778	181,600
Interest expense and other:			
Interest expense	38,208	11,996	50,204
Allowance for funds used during construction	(1,827)	(694)	(2,521)
Miscellaneous, net	(5,861)	(1,202)	(7,063)
	30,520	10,100	40,620
Income before income taxes	103,302	37,678	140,980
Income taxes	43,285	15,910	59,195
Net income	60,017	21,768	81,785
Preferred dividend requirements	686	1,866	2,552
Earnings available for common stock	$59,331	$19,902	$79,233

(c) Exhibits.

The exhibits incorporated by reference herein are set forth on the attached Exhibit Index.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, Alliant Energy Corporation and Interstate Power and Light Company have each duly caused this amendment to be signed on its behalf by the undersigned hereunto duly authorized.

ALLIANT ENERGY CORPORATION

Date: February 20, 2002

By: /s/ John E. Kratchmer
John E. Kratchmer
Corporate Controller and Chief Accounting Officer

INTERSTATE POWER AND LIGHT COMPANY

Date: February 20, 2002

By: /s/ John E. Kratchmer
John E. Kratchmer
Corporate Controller and Chief Accounting Officer

ALLIANT ENERGY CORPORATION
INTERSTATE POWER AND LIGHT COMPANY

Exhibit Index to Amendment No. 1 to Current Report on Form 8-K
Dated January 1, 2002

Exhibit

(2.1) Agreement and Plan of Merger, dated as of March 15, 2000, by and between Interstate Power and Light Company (IPL) (formerly IES Utilities Inc.) and IPC [Incorporated by reference to Exhibit (2.1) to IPL's Registration Statement on Form S-4 (Reg. No 333-53846), as amended]

(2.2) First Amendment to Agreement and Plan of Merger, dated as of November 29, 2000, by and between IPL (formerly IES Utilities Inc.) and IPC [Incorporated by reference to Exhibit (2.2) to IPL's Registration Statement on Form S-4 (Reg. No 333-53846), as amended]

(3.1) Amendment to Amended and Restated Articles of Incorporation of IPL (formerly IES Utilities Inc.) creating Class A Preferred Stock [Incorporated by reference to Exhibit (3.1) to Alliant Energy's and IPL's Current Report on Form 8-K, dated January 1, 2002]

(3.2) Amendment to Amended and Restated Articles of Incorporation of IPL (formerly IES Utilities Inc.) creating various series of Class A Preferred Stock [Incorporated by reference to Exhibit (3.2) to Alliant Energy's and IPL's Current Report on Form 8-K, dated January 1, 2002]

(3.3) Amendment to Amended and Restated Articles of Incorporation of IPL (formerly IES Utilities Inc.) changing corporate name to Interstate Power and Light Company [Incorporated by reference to Exhibit (3.3) to Alliant Energy's and IPL's Current Report on Form 8-K, dated January 1, 2002]

(3.4) Amended and Restated Articles of Incorporation of IPL, as amended [Incorporated by reference to Exhibit (3.4) to Alliant Energy's and IPL's Current Report on Form 8-K, dated January 1, 2002]

(4.1) The Original through the Nineteenth Supplemental Indentures of IPL (successor-in-interest to Interstate Power Company) to JPMorgan Chase Bank (formerly The Chase Manhattan Bank) and James P. Freeman, as Trustees, dated January 1, 1948 securing First Mortgage Bonds [Incorporated by reference to Exhibits 4(b) through 4(t) to IPC's Registration Statement (Reg. No. 33-59352) dated March 11, 1993]

(4.2) Twentieth Supplemental Indenture of IPL (successor-in-interest to Interstate Power Company) to JPMorgan Chase Bank (formerly The Chase Manhattan Bank) and James P. Freeman, as Trustees, dated May 15, 1993 [Incorporated by reference to Exhibit 4(u) to IPC's Registration Statement (Reg. No. 33-59352) dated March 11, 1993]

(4.3) Twenty-First Supplemental Indenture of IPL (successor-in-interest to Interstate Power Company) to JPMorgan Chase Bank (formerly The Chase Manhattan Bank) and James P. Freeman, as Trustees, dated December 31, 2001 [Incorporated by reference to Exhibit (4.3) to Alliant Energy's and IPL's Current Report on Form 8-K, dated January 1, 2002]