

WPS RESOURCES CORP
Form DEF 14A
April 07, 2006

QuickLinks -- Click here to rapidly navigate through this document

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

WPS Resources Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

WPS RESOURCES CORPORATION

700 North Adams Street, P. O. Box 19001, Green Bay, Wisconsin 54307-9001

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD MAY 18, 2006**

The WPS Resources annual meeting will be held on Thursday, May 18, 2006, at 10 a.m., Central daylight time, at the Weidner Center, on the campus of the University of Wisconsin - Green Bay, 2420 Nicolet Drive, Green Bay, Wisconsin. Our shareholders are asked to vote to:

1. Elect Kathryn M. Hasselblad-Pascale, William F. Protz, Jr. and Larry L. Weyers to three-year terms on the Board of Directors or until their successors have been duly elected;
2. Ratify the selection of Deloitte & Touche LLP as the independent registered public accounting firm for WPS Resources and its subsidiaries for 2006; and
3. Transact any other business properly brought before the annual meeting and any adjournment or postponement thereof.

If you held shares in WPS Resources at the close of business on March 23, 2006, you are entitled to vote at the annual meeting.

You may vote your shares over the Internet at www.voteproxy.com, by calling toll-free (800) 776-9437, by completing and mailing the enclosed proxy card, or in person at the annual meeting. We request that you vote in advance whether or not you attend the annual meeting. You may revoke your proxy at any time prior to the vote at the annual meeting and vote your shares in person at the meeting or by using any of the voting options provided. Please review the proxy statement and follow the directions closely in exercising your vote.

WPS RESOURCES CORPORATION

BARTH J. WOLF
Secretary and Manager - Legal Services

Green Bay, Wisconsin
April 7, 2006

The board of directors solicits the enclosed proxy. Your vote is important no matter how large or small your holdings. To assure your representation at the meeting, please complete, sign exactly as your name appears, date and promptly mail the enclosed proxy card in the postage-paid envelope provided or use one of the alternative voting options provided.

**2006 ANNUAL MEETING OF SHAREHOLDERS
PROXY STATEMENT
TABLE OF CONTENTS**

	Page
Frequently Asked Questions	1
Election of Directors	5
Ratification of Independent Registered Public Accounting Firm	9
Board Committees	10
Committee Membership	10
Audit Committee	11
Principal Fees and Services Paid to Independent Registered Public Accounting Firm	11
Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Registered Public Accounting Firm	12
Compensation Committee	13
Financial Committee	13
Governance Committee	13
Available Corporate Governance Information	14
Board Compensation	15
Ownership of Voting Securities	16
Beneficial Ownership	16
Section 16(a) Beneficial Ownership Reporting Compliance	17
Equity Compensation Plan Information	18
Executive Compensation	19
Summary Compensation Table	19
Agreements with Named Executive Officers	20
Option Grants to Named Executive Officers in Last Fiscal Year	21
Aggregated Options Exercised in Last Fiscal Year by Named Executive Officers and FY-End	22
Option Values of Named Executive Officers	22
Performance Share (Long-Term Incentive Plan) Awards to Named Executive Officers	22
Pension Plans	23
Compensation Committee Report	26
Comparative Five-Year Investment Performance Graph	30
Audit Committee Report	31
Other Business	32
Annual Reports	32
Future Shareholder Proposals	33

Edgar Filing: WPS RESOURCES CORP - Form DEF 14A

This proxy statement, the accompanying Notice of Annual Meeting of Shareholders and proxy card are being mailed to shareholders on or about April 7, 2006, and are furnished in connection with the solicitation of proxies by the board of directors of WPS Resources Corporation.

FREQUENTLY ASKED QUESTIONS

Q: Why have I received these materials?

A: All WPS Resources' shareholders were sent these proxy materials. You are asked to elect three members to the board of directors, ratify the appointment of Deloitte & Touche LLP as the independent registered public accounting firm for WPS Resources and its subsidiaries for 2006 and vote on any other business that may be properly brought before the annual meeting.

Q: Who can attend the annual meeting?

A: Anyone who is a shareholder as of the close of business on March 23, 2006, may attend the annual meeting and vote.

Q: How are directors elected?

A: A plurality of votes cast at the annual meeting is required to elect directors (assuming a quorum is present). Three directors will be elected at the annual meeting. "Plurality" means the three individuals who receive the largest number of votes will be elected as directors. Shares not voted at the annual meeting will not affect the election of directors, except to the extent that the failure to vote for an individual results in another individual receiving a larger number of votes. Abstentions, broker non-votes and votes withheld will be treated as shares not voted.

Q: What constitutes a quorum?

A: A quorum is the number of shares that must be voted at a meeting to lawfully conduct business. Votes of a majority of the shares entitled to vote constitute a quorum. As of the record date of March 23, 2006, a total of 40,242,247 shares were eligible to vote. Votes of 20,121,124 shares will constitute a quorum.

Q: What are the items to be voted on?

A: Items you are asked to vote on are the election of three directors and ratification of the selection of Deloitte & Touche LLP as the independent registered public accounting firm for WPS Resources and its subsidiaries for 2006. Additional matters may be voted on at this annual meeting if they are properly presented at the meeting.

Q: What happens if additional proposals are presented at the meeting?

A: Our By-laws require advance notice of any matter to be brought before the annual meeting. We have not received any notice. Therefore, we are not required to present any other issues at the meeting. Additional issues may be presented at the discretion of WPS Resources. If an additional proposal is brought up, the shares represented by proxy will be voted in accordance with the discretionary judgment of the appointed proxies, Larry L. Weyers and Barth J. Wolf.

Q: Who tabulates the votes?

A: Our independent transfer agent, American Stock Transfer & Trust Company, tabulates the votes.

Q:
Is my vote confidential?

A:
Yes. American Stock Transfer & Trust Company will hold your vote in confidence. Whether you vote your shares by Internet, telephone or mail, your vote will be received directly by American Stock Transfer & Trust Company. American Stock Transfer & Trust Company will serve as inspector, count all the proxies or ballots submitted and report the vote at the annual shareholder meeting on May 18, 2006.

Q:
Do I need to attend the annual meeting in order to vote?

A:
No. You can vote at any time prior to the annual meeting by using the Internet, by telephone or by returning the completed proxy card in the enclosed envelope. You may also vote in person by submitting your proxy card at the annual meeting.

Q:
Who can vote?

A:
Anyone who owned WPS Resources common stock as of the close of business on March 23, 2006, can vote. Each share is entitled to one vote.

Q:
How do I vote?

A:
You may vote your shares by any of four methods:

- 1) Over the Internet at www.voteproxy.com,
- 2) Over the telephone by calling toll-free (800) 776-9437,
- 3) Through the mail by returning your completed, signed and dated proxy card in the enclosed prepaid envelope, or
- 4) In person at the annual meeting.

Instructions to vote your shares over the Internet or telephone are provided on your proxy card. Your completed proxy will be voted according to your instructions. If you return an incomplete proxy card, your proxy will be voted FOR the election of Kathryn M. Hasselblad-Pascale, William F. Protz, Jr. and Larry L. Weyers and FOR the ratification of the selection of Deloitte & Touche LLP as the independent registered public accounting firm for WPS Resources and its subsidiaries for 2006. You have the right to change your vote any time before the meeting by:

- 1) Notifying us in writing,
- 2) Revoting over the Internet or telephone,
- 3) Voting in person at the annual meeting, or
- 4) Returning a later-dated proxy card.

By voting your shares, you also authorize your shares to be voted on any other business that may properly come before the annual meeting or any adjournment or postponement of the annual meeting in accordance with the judgment of the appointed proxies, Larry L. Weyers and Barth J. Wolf.

Edgar Filing: WPS RESOURCES CORP - Form DEF 14A

You may vote over the Internet or telephone until midnight Eastern time on May 17, 2006.

Q:

Do I need to return the proxy card if I vote over the Internet or telephone?

A:

No. If you vote your proxy over the Internet or telephone, you should not mail your proxy card, unless you want to change your vote. If you return your proxy card after voting over the Internet or telephone, it will be counted as if you intended to change your vote.

Q: **If my broker holds my shares in "street name," will my broker vote my shares for me?**

A: If your shares are held in a brokerage account, you will receive a full meeting package including a voting instruction form to vote your shares. Your brokerage firm may permit you to vote by the Internet or by telephone. Brokerage firms have the authority under New York Stock Exchange rules to vote their client's unvoted shares on certain routine matters. If you do not vote, your brokerage firm may choose to vote for you on the election of three directors and ratification of the selection of Deloitte & Touche LLP as the independent registered public accounting firm for WPS Resources and its subsidiaries for 2006 or they may leave your shares unvoted.

Q: **What are the Board of Directors' voting recommendations?**

A: The board recommends shareholders vote FOR the election of all of the proposed directors and FOR ratification of the selection of Deloitte & Touche as the independent registered public accounting firm for 2006.

Q: **What if I receive more than one proxy card?**

A: If you receive more than one proxy card this means your shares are in more than one account. Please vote all the shares that you own. If you would like to consolidate your accounts and receive only one proxy card in the future, please contact our transfer agent, American Stock Transfer & Trust Company, at (800) 236-1551 or www.amstock.com.

Q: **How are shares in the Employee Stock Ownership Plan Trust voted?**

A: If you own stock in the Wisconsin Public Service Employee Stock Ownership Plan, you may vote your shares by any of the following three methods:

- 1) Over the Internet at www.voteproxy.com,
- 2) Over the telephone by calling toll-free (800) 776-9437, or
- 3) Through the mail by returning your completed, signed and dated proxy card in the enclosed prepaid envelope.

Your vote must be received by May 16, 2006 to be voted at the annual meeting. Stock owned in the Wisconsin Public Service Employee Stock Ownership Plan, may NOT be voted in person at the annual meeting.

American Stock Transfer & Trust Company will tabulate the ESOP vote. The results of the vote received from ESOP participants will serve as voting instructions to the plan trustee. The trustee of the plan, as of the record date, is Wells Fargo Bank N.A. The trustee will vote the plan shares as instructed by plan participants. The trustee will not vote any proxy not voted by participants. American Stock Transfer and Wells Fargo will keep how you vote your shares confidential.

Q: **How can a shareholder communicate with the Board of Directors directly?**

A: Any shareholder may communicate with the board of directors (or an individual director serving on the board of directors) by sending written communications, addressed to any director or to the board of directors as a group, in care of WPS Resources' Corporate Secretary, WPS Resources Corporation, 700 North Adams Street, P.O. Box 19001, Green Bay, Wisconsin 54307-9001. The Corporate Secretary will ensure that this communication (assuming it is properly marked *to the board of directors* or *a specific director*) is delivered to the board of

Edgar Filing: WPS RESOURCES CORP - Form DEF 14A

directors or the specified director, as the case may be. However, the Corporate Secretary will not forward commercial advertisements or other forms of solicitation.

Q: When are shareholder proposals due to be included in the proxy for the 2007 annual meeting?

A: Shareholder proposals must be received in writing by December 8, 2006, to be included in next year's proxy statement. Proposals should be submitted to Barth J. Wolf, Secretary and Manager -Legal Services, WPS Resources Corporation, P. O. Box 19001, Green Bay, Wisconsin 54307-9001.

Q: How can I help reduce costs for WPS Resources?

A: You can help WPS Resources reduce costs by subscribing to electronic delivery of your annual report, proxy statement and other shareholder communications. If you subscribe to this free service, you will receive future copies of WPS Resources' annual reports, proxy statements and other shareholder communications over the Internet. You will receive the material quicker, reduce costs for WPS Resources and help the environment. Subscribers will receive an e-mail when the annual report, proxy statement and other material become available. This would be no later than the day WPS Resources mails the paper documents. The e-mail will provide you with instructions to access the documents over the Internet.

Q: How can I subscribe to electronic delivery of annual reports and proxy statements?

A: You can subscribe to electronic delivery of future annual reports, proxy statements and other shareholder communications over the Internet when you vote your proxy or by going directly to www.voteproxy.com. When you reach the Web page:

Click on "Account Access,"

Have the proxy card you received in hand and follow the instructions on the screen,

Click on "submit,"

Click on "Receive Company Mailings via e-mail,"

Provide your e-mail address and

Click on "go."

Q: Where can I find voting results from the meeting?

A: The annual meeting voting results will be published in the Form 10-Q for the second quarter of 2006, available no later than August 9, 2006, on WPS Resources' Web site (www.wpsr.com), under "Investor Information" and then select "SEC Filings."

Q: May I review the presentation made at the meeting if I can't attend?

A: Yes. The speech from our chief executive officer will be posted on WPS Resources' Web site under "Investor Information" and then "Presentations."

ELECTION OF DIRECTORS

Our board of directors is currently made up of nine directors. The nine directors are divided into three classes. Each year one class of directors is elected to a three-year term.

Individuals nominated for election are:

Class C Term Expiring in 2006

Name	Age	Principal Occupation	Director Since
Kathryn M. Hasselblad-Pascale	57	Managing Partner Hasselblad Machine Company, LLP Green Bay, WI (Manufacturer of automatic screw machine products) 1999 - present	1987
William F. Protz, Jr.	61	Retired 2005 - present Consultant Santa's Best, LLP Northfield, IL (Manufacturer and supplier of Christmas decorations and accessories) 2003 - 2005 President and Chief Executive Officer Santa's Best, LLP 1991 - 2003	2001
Larry L. Weyers	60	Chairman, President and Chief Executive Officer WPS Resources Corporation Green Bay, WI 1998 - present	1996

The board of directors has no reason to believe that any of these nominees will be unable or unwilling to serve as a director if elected. If any nominee is unable or unwilling to serve, the shares represented by proxies solicited by the board will be voted for the election of another person the board may recommend.

The board of directors recommends a vote "FOR" the election to the board of each of the foregoing nominees.

Current directors not standing for election this year are:

Class A Term Expiring in 2007

Name	Age	Principal Occupation	Director Since
Richard A. Bemis	64	President and Chief Executive Officer Bemis Manufacturing Company Sheboygan Falls, WI (Manufacturer of toilet seats, contract plastics and wood products) 1998 - present	1983
Ellen Carnahan	50	Managing Director William Blair Capital Partners, LLC Chicago, IL (Investment firm) 1988 - present	2003
Robert C. Gallagher	67	Chairman Associated Banc-Corp. Green Bay, WI (Diversified multi-bank holding company) 2003 - present President and Chief Executive Officer Associated Banc-Corp. 2000 - 2003	1992

Class B Term Expiring in 2008

Name	Age	Principal Occupation	Director Since
Albert J. Budney, Jr.	58	Retired 2002 - Present Director and President Niagara Mohawk Holdings, Inc. Syracuse, NY (Holding company for electric and gas operations) 1999 - 2002	2002
James L. Kemerling	66	Chairman and Chief Executive Officer Award Hardwood Floors, LLP Wausau, WI 2003 - present (Manufacturer of hardwood flooring) President and Chief Executive Officer Riiser Oil Company, Inc. Wausau, WI (Distributor of petroleum products) 1999 - present	1988
John C. Meng	61	Chairman of the Board Schreiber Foods, Inc. Green Bay, WI (Manufacturer of cheese products) 1999 - present	2000

On February 9, 2006, the board of directors reviewed the business and other relationships of all directors of WPS Resources. The board affirmatively determined that all non-management directors are independent as defined in the New York Stock Exchange listing standards, meet the independence standards adopted by the board of directors (set forth below) and have no other material relationships with WPS Resources. In addition, James L. Kemerling, Albert J. Budney, Jr., Ellen Carnahan and William F. Protz, Jr. meet additional independence standards for audit committee members.

Categorical Independence Standards for Directors

A director who at all times during the previous three years has met all of the following categorical standards shall be presumed to be independent:

1. WPS Resources has not employed the director, and has not employed (except in a non-executive officer capacity) any of his or her immediate family members. Employment as an interim Chairman or Chief Executive Officer shall not disqualify a director from being considered independent following that employment.
2. Neither the director, nor any of his or her immediate family members, has received more than \$100,000 per year in direct compensation from WPS Resources, other than director and committee fees, and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service). Compensation received by a director for former service as an interim Chairman or Chief Executive Officer need not be considered in determining

Edgar Filing: WPS RESOURCES CORP - Form DEF 14A

independence under this test. Compensation received by an immediate family member for service as a non-executive employee of WPS Resources need not be considered in determining independence under this test.

3. The director has not been employed by, or affiliated with WPS Resources' present or former internal or external auditor, nor have any of his or her immediate family members been so employed or affiliated (except in a non-professional capacity).
4. Neither the director, nor any of his or her immediate family members, has been part of an "interlocking directorate" in which any of WPS Resources' present executives serve on the compensation (or equivalent) committee of another company that employs the director or any of his or her immediate family members in an executive officer capacity.
5. Neither the director, nor any of his or her immediate family members (except in a non-executive officer capacity), has been employed by a company that makes payments to, or receives payments from, WPS Resources for property or services in an amount which, in any single fiscal year, exceeds the greater of \$1 million or 2 percent of such other company's consolidated gross revenues.
6. Neither the director, nor any of his or her immediate family members, has been an employee, officer or director of a foundation, university or other non-profit organization to which WPS Resources gives directly, or indirectly through the provision of services, more than \$1 million per annum or 2 percent of the total annual donations received (whichever is greater).

RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The audit committee selected the firm of Deloitte & Touche LLP, independent registered public accounting firm, to audit the consolidated financial statements of WPS Resources and its subsidiaries for the year ending December 31, 2006, as well as its internal control over financial reporting as of December 31, 2006 and requests that the shareholders ratify such selection. If shareholders do not ratify the selection of Deloitte & Touche LLP, the audit committee will reconsider the selection.

Audit services provided by Deloitte & Touche in 2005 included the audit of consolidated financial statements of WPS Resources and its subsidiaries; reviews of interim consolidated financial information; audit of management's assessment that WPS Resources maintained effective internal control over financial reporting and WPS Resources' internal control over financial reporting as of December 31, 2005 and consultations on matters related to accounting and financial reporting.

Deloitte & Touche also provided certain audit related and nonaudit services to WPS Resources and its subsidiaries during 2005, which were reviewed by the audit committee and are more fully described later in this proxy statement.

Representatives of Deloitte & Touche are expected to attend the annual meeting where they will be available to respond to questions and, if they desire, to make a statement.

Assuming a quorum is present at the annual meeting, to ratify the Audit Committee's selection of Deloitte & Touche as the independent registered public accounting firm for 2006, the number of votes cast in favor of ratification must exceed the number of votes cast in opposition to it. Abstentions and broker non-votes will be counted as present in determining whether there is a quorum; however, they will not constitute a vote "for" or "against" ratification, and will be disregarded in the calculation of "votes cast." A "broker non-vote" occurs when a broker submits a proxy card with respect to shares that the broker holds on behalf of another person, but declines to vote on a particular matter, either because the broker elects not to exercise its discretionary authority to vote on the matter or does not have authority to vote on the matter.

The board of directors recommends a vote "FOR" the ratification of the selection of Deloitte & Touche LLP as the independent registered public accounting firm for WPS Resources and its subsidiaries for 2006.

BOARD COMMITTEES**Committee Membership**

The following table lists the board committees, their members as of December 31, 2005, and the number of board and board committee meetings in 2005.

2005 Board Committees					
Director (*Chairman)	Board	Audit	Compensation	Financial	Governance
Richard A. Bemis	X		X	X	
Albert J. Budney, Jr.	X	X			X*
Ellen Carnahan	X	X		X	
Robert C. Gallagher	X			X*	X
Kathryn M. Hasselblad-Pascale	X			X	X
James L. Kemerling	X	X*			
John C. Meng	X		X*		
William F. Protz, Jr.	X	X	X		
Larry L. Weyers	X*				
Meetings in 2005	10	8	4	7	4

In 2005, all directors attended a minimum of 75 percent of the aggregate number of (1) all board meetings and (2) their assigned committee meetings. Under WPS Resources' Corporate Governance Guidelines all directors are expected to attend the annual meeting of shareholders. All directors attended the 2005 annual meeting.

The board of directors selected Robert C. Gallagher, to serve as lead director, for a one-year term, effective January 1, 2006. As lead director, Mr. Gallagher will preside at all executive sessions of the non-management directors. An executive session of non-management directors (without management present) is held at each regularly scheduled board meeting with the lead director presiding. Any shareholder wishing to communicate with the lead director may contact Mr. Gallagher by sending a written communication, addressed to the lead director, care of WPS Resources' Corporate Secretary, WPS Resources Corporation, 700 North Adams Street, P.O. Box 19001, Green Bay, Wisconsin 54307-9001. The corporate secretary will ensure that this communication (assuming it is properly marked *to the lead director*) is delivered to Mr. Gallagher. However, the Corporate Secretary will not forward commercial advertisements or other forms of solicitation.

Other directorships held by our directors, in any company registered under or subject to the Securities Exchange Act of 1934, include the following:

Richard A. Bemis - W. H. Brady Company, Milwaukee, WI

Robert C. Gallagher - Associated Banc-Corp, Green Bay, WI

John C. Meng - Associated Banc-Corp, Green Bay, WI

Audit Committee

At December 31, 2005, the audit committee consisted of four independent directors of WPS Resources: James L. Kemerling - Chairman, Albert J. Budney, Jr., Ellen Carnahan and William F. Protz, Jr. On May 19, 2005, James L. Kemerling replaced Richard A. Bemis as the Chairman of the Audit Committee. The WPS Resources board of directors has determined that all four members meet audit committee financial expert requirements as defined by the Securities and Exchange Commission ("SEC"). None of the members of the WPS Resources audit committee are members of any other public company's audit committee.

WPS Resources' securities are listed on the New York Stock Exchange and are governed by its listing standards. All members of the audit committee meet the independence standards of Section 303.01(B)(2) and (3) of the listing standards of the New York Stock Exchange and Section 10A-3 and Item 7(d)(3)(iv) of Schedule 14A under the Securities Exchange Act of 1934. In compliance with NYSE listing standards, in 2005 the audit committee received an annual report of the independent auditors regarding the internal control over financial reporting of WPS Resources.

The audit committee is directly responsible for the selection, compensation and oversight of Deloitte & Touche LLP as its independent registered public accounting firm. Deloitte & Touche reports directly to the audit committee. The committee is responsible to oversee the resolution of any disagreements between Deloitte & Touche and management.

A written charter defining the responsibilities of the audit committee has been adopted.

The information contained in this proxy statement with respect to the audit committee charter and the independence of the members of the audit committee shall not be deemed to be "soliciting material" or deemed to be filed with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent specifically requested by WPS Resources or incorporated by reference in documents otherwise filed.

Principal Fees and Services Paid to Independent Registered Public Accounting Firm

The following is a summary of the fees billed to WPS Resources and Wisconsin Public Service by Deloitte & Touche LLP for professional services performed for 2005 and 2004:

Fees	2005	2004
Audit Fees (a)	\$ 2,169,279	\$ 2,050,083
Audit Related Fees (b)	80,250	197,415
Tax Fees	0	0
All Other Fees (c)	19,523	14,345
Total Fees	\$ 2,269,052	\$ 2,261,843

a)

Audit Fees. Consists of aggregate fees billed to WPS Resources and Wisconsin Public Service by Deloitte & Touche LLP for professional services rendered for the audits of the annual consolidated financial statements, reviews of the interim consolidated financial statements included in quarterly reports and audits of the effectiveness of, and management's assessment of the effectiveness of, internal control over financial reporting, of WPS Resources and its subsidiaries. Audit fees also include services that are normally provided by Deloitte & Touche in connection with statutory and regulatory filings or engagements, including comfort letters,

Edgar Filing: WPS RESOURCES CORP - Form DEF 14A

consents and other services related to SEC matters, and consultations arising during the course of the audits and reviews concerning financial accounting and reporting standards.

b)

Audit Related Fees. Consists of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the consolidated financial statements or internal control over financial reporting and are not reported under "Audit Fees." These services include employee benefit plan audits, accounting consultations in connection with potential transactions, and consultations concerning financial accounting and reporting standards.

c)

All Other Fees. Consists of other fees billed to WPS Resources and Wisconsin Public Service by Deloitte & Touche LLP for products and services other than the services reported above. All Other Fees are for software licensing provided in 2005 and 2004. The nature of the software license fees, which include support and learning services, have been deemed to be permissible non-attest services.

In considering the nature of the services provided by the independent registered public accounting firm, the audit committee determined that such services are compatible with the provision of independent audit services. The audit committee discussed these services with the independent registered public accounting firm and WPS Resources' management and determined that they are permitted under the rules and regulations concerning auditor independence promulgated by the SEC to implement the Sarbanes-Oxley Act of 2002, as well as those of the American Institute of Certified Public Accountants.

The audit committee has approved in advance 100% of the services described in the table above under "Audit Fees," "Audit-Related Fees," "Tax Fees" and "All Other Fees" in accordance with its pre-approval policy.

Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Registered Public Accounting Firm

Consistent with SEC policies regarding auditor independence, the audit committee has responsibility for appointing, setting compensation and overseeing the work of the independent registered public accounting firm. In recognition of this responsibility, the audit committee has established a policy regarding the pre-approval of all audit and permissible non-audit services provided by the independent registered public accounting firm.

The audit committee will annually pre-approve a list of select services and a maximum fee per engagement for these services that would not require management to obtain specific approval from the committee on an individual basis. Other services (not on the pre-approved list or individual engagements for services on the pre-approved list that exceed the dollar limit) would require additional approval of the audit committee. If pre-approval is necessary between audit committee meetings the audit committee chairman, or his designated alternate may provide approval. The audit committee may specifically delegate its pre-approval authority to the chairman and any audit committee member designated as an alternate. Approvals provided by any member to whom authority is delegated must be presented to the full audit committee at its next scheduled meeting. WPS Resources' external auditors are absolutely prohibited from performing certain non-audit services, including:

Bookkeeping or other services related to the accounting records or financial statements;

Financial information systems design and implementation;

Appraisal or valuation services, fairness opinions, or contribution-in-kind reports;

Actuarial services;

Internal audit outsourcing services;

Management functions or human resources;

Broker-dealer, investment advisor or investment banking services;

Legal and expert services unrelated to the audit; and

Other services the Public Company Accounting Oversight Board chooses to prohibit.

Compensation Committee

The compensation committee consists of three independent directors as defined in the New York Stock Exchange listing standards. Current members are John C. Meng - Chairperson, Richard A. Bemis and William F. Protz, Jr. Its function is to evaluate the performance of the Chief Executive Officer, define and establish executive compensation strategy for WPS Resources and recommend to the board compensation, bonuses and benefits for the Chief Executive Officer, executive officers and other key employees.

Financial Committee

The financial committee consists of four independent directors. Current members are Robert C. Gallagher - Chairman, Richard A. Bemis, Ellen Carnahan and Kathryn M. Hasselblad-Pascale. The committee acts in an advisory and consulting capacity to management regarding capitalization, dividend and investment policies and other financial matters. The committee also provides assistance to the board of directors relating to financing strategy, financial policies and financial condition of WPS Resources.

Governance Committee

The governance committee consists of three independent directors, as defined in the New York Stock Exchange listing standards. Current members are Albert J. Budney, Jr. - Chairman, Robert C. Gallagher and Kathryn M. Hasselblad-Pascale.

The committee provides oversight on the broad range of issues surrounding composition, operation and compensation of the board of directors, identifying and recommending individuals qualified to become board members, and recommending corporate governance guidelines for WPS Resources to the board of directors. The governance committee will consider individuals recommended by shareholders for nomination as a director. Recommendations for consideration by the governance committee should be sent to the Corporate Secretary, WPS Resources Corporation, P.O. Box 19001, Green Bay, Wisconsin 54307-9001, together with appropriate biographical information concerning each proposed nominee. As provided in the WPS Resources By-laws, any proposed nominees and appropriate biographical information must be submitted to the Corporate Secretary between January 27, 2007 and February 21, 2007, for consideration at the 2007 annual meeting. For more detailed information regarding the process to submit an individual for consideration as a director nominee and the qualifications necessary to become a director of WPS Resources, shareholders should review our By-laws, corporate governance guidelines and the governance committee charter.

In identifying potential nominees and determining which nominees to recommend to the board of directors, the governance committee may retain the services of a professional search firm or other third party advisor. In connection with each vacancy, the committee will develop a specific set of ideal characteristics for the vacant director position. The committee will look at nominees it identifies and any nominees identified by shareholders on an equal basis using these characteristics and the general criteria identified below.

The governance committee selects nominees on the basis of knowledge, experience, skills, expertise, diversity, personal and professional integrity, business judgment, time availability in light of other commitments, absence of conflicts of interest and such other relevant factors that the committee considers appropriate in the context of the needs of the board of directors at that time. At a minimum, each director nominee must have displayed the highest personal and professional ethics, integrity, values and sound business judgment. When considering nominees, the committee seeks to ensure that the board of directors as a whole possesses, and individual members possess at least one of the following competencies: (1) accounting and finance, (2) business judgment, (3) management, (4) industry knowledge, (5) leadership and (6) strategy/vision. In addition, the governance committee assures that at least one director have the requisite experience and expertise to be designated as an "audit committee financial expert." The committee looks at each nominee on a case-by-case basis regardless of who recommended the nominee. In screening director nominees, the committee will review potential conflicts of interest, including interlocking directorships and substantial business, civic and social relationships with other members of the board of directors that could impair the prospective nominee's ability to act independently.

AVAILABLE CORPORATE GOVERNANCE INFORMATION

WPS Resources' By-laws, code of conduct, corporate governance guidelines and charters of all board committees may be accessed on the WPS Resources web site, www.wpsr.com under "Investor Information" then select "Corporate Governance." Copies can also be obtained by writing to WPS Resources Corporation, Attention: Barth J. Wolf, Secretary and Manager - Legal Services, P.O. Box 19001, Green Bay, Wisconsin 54307-9001.

BOARD COMPENSATION

In 2005, each non-management director received:

A \$20,000 annual retainer,

\$1,000 for each board meeting attended,

\$1,000 for each board committee meeting attended,

\$500 for each telephonic board or board committee meeting attended,

\$5,000 to serve as lead director,

\$5,000 for each board committee chairmanship held and

729 deferred stock units of WPS Resources common stock under terms of the WPS Resources Deferred Compensation Plan. The market price of a share of WPS Resources common stock on the date of the grant was \$54.85. The total value of the grant to each director was \$40,000. Additional deferred stock units are granted at each dividend date to reflect an equivalent dividend paid on WPS Resources common stock.

In addition, directors are compensated for expenses incurred to attend board and committee meetings.

Employee directors receive no compensation for serving as directors.

The compensation committee of the board of directors of WPS Resources has adopted stock ownership guidelines for directors to emphasize the importance of linking director and shareholder interests. The target level for stock ownership of directors is five times their annual retainer, including stock based compensation. The directors are encouraged to meet this requirement within a five-year period.

OWNERSHIP OF VOTING SECURITIES

Beneficial Ownership

Based on WPS Resources' records and filings made with the SEC, we are not aware of any shareholder with beneficial ownership of five percent or more of our common stock. The following table indicates the shares of our common stock and stock options beneficially owned by our executive officers and directors as of March 15, 2006.

Name and Title	Amount and Nature of Shares Beneficially Owned March 15, 2006		
	Aggregate Number of Shares Beneficially Owned (7)	Number of Shares Subject to Stock Options	Percent of Shares
Richard A. Bemis Director	13,570	3,000	*
Albert J. Budney, Jr. (1) Director	4,095	0	*
Ellen Carnahan Director	5,152	0	*
Robert C. Gallagher Director	18,431	0	*
Kathryn M. Hasselblad-Pascale (2) Director	14,788	3,000	*
James L. Kemerling (3) Director	10,136	3,000	*
John C. Meng (4) Director	51,306	3,000	*
William F. Protz, Jr. (5) Director	158,395	0	*
Larry L. Weyers Director Chairman, President and Chief Executive Officer WPS Resources Corporation	386,104	311,636	*
Phillip M. Mikulsky Executive Vice President - Development WPS Resources Corporation	97,416	64,818	*
Mark A. Radtke President WPS Energy Services, Inc.	71,187	54,785	*

Edgar Filing: WPS RESOURCES CORP - Form DEF 14A

Joseph P. O'Leary Senior Vice President and Chief Financial Officer WPS Resources Corporation	66,347	56,443	*
Daniel J. Verbanac Chief Operating Officer WPS Energy Services, Inc.	36,835	26,454	*
All 20 directors and executive officers as a group (6)	1,166,466	679,686	2.9%

*

Less than one percent of WPS Resources outstanding shares of common stock.

None of the persons listed beneficially owns shares of any other class of our equity securities.

- (1) Includes 800 shares owned by spouse.
- (2) Includes 3,423 shares owned by spouse.
- (3) Includes 800 shares held in an individual retirement account.
- (4) Includes 21,600 shares held in a charitable revocable trust.
- (5) Includes 123,841 shares held in two trusts for which Mr. Protz is the trustee and in which his spouse is a 1/16th beneficiary. As trustee, Mr. Protz controls the voting of the shares and can direct the trust to sell or retain the shares. Also includes 28,428 shares owned by spouse.
- (6) Includes 206,157 shares held in joint tenancy, by spouses, as trustee or held as custodian for children.
- (7) Aggregate number of shares beneficially owned includes shares and share equivalents of common stock held in the Employee Stock Ownership Plan and Trust, the Wisconsin Public Service Corporation Deferred Compensation Trust and all stock options, which are exercisable within 60 days of March 15, 2006. Each director or officer has sole voting and investment power with respect to the shares reported, unless otherwise noted. No voting or investment power exists related to the stock options reported until exercised.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires executive officers, directors and persons who beneficially own more than ten percent of our common stock to file reports of changes in ownership of our common stock with the SEC within two business days following such change. We have reviewed statements of beneficial ownership furnished to us and written representations made by our executive officers and directors. Based solely on this review, we believe that our officers and directors timely filed all reports they were required to file under Section 16(a) in 2005, except for David Harpole, Diane Ford, William F. Protz, Jr., Barbara Nick, Daniel Verbanac and Thomas Meinz who each filed one Form 4 late regarding one exempt transaction.

Equity Compensation Plan Information (as of December 31, 2005)

Plan Type/Plan Name	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants, and Rights (a)	Weighted Average Exercise Price of Outstanding Options, Warrants, and Rights (b)	Number of securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Shares Reflected in Column (a)) (c)
Equity Compensation Plans Approved by Security Holders			
1999 Employee Stock Option Plan	156,973	33.9913	
WPS Resources Corporation 2001 Omnibus Incentive Compensation Plan	1,287,282	41.7191	
WPS Resources Corporation 2005 Omnibus Incentive Compensation Plan (1)	371,520	54.8500	1,228,480
WPS Resources Corporation Deferred Compensation Plan	446,647		224,156
Equity Compensation Plans Not Approved by Security Holders			
1999 Director's Stock Option Plan (2)	12,000	25.5000	
TOTAL	2,274,422		1,452,636

(1) The 2005 Incentive Compensation Plan was approved by shareholders at the May 19, 2005 annual meeting of shareholders. Therefore no further grants will be made under the 2001 Omnibus Incentive Compensation Plan.

(2) Equity compensation plans not approved by security holders consist solely of the WPS Resources Corporation 1999 Non-Employee Directors Stock Option Plan, which provides stock options to directors at the discretion of the Board of Directors. The Board has not granted any stock options under this plan since 2000, and does not anticipate any further stock options will be issued under this plan. The plan provides that all exercises of options under this plan are to be completed through the use of treasury stock.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth cash and other compensation paid to or earned by each of the named executive officers of WPS Resources for the last three fiscal years. Named executive officers include the chief executive officer and the next four most highly compensated executive officers for 2005.

(a) Name and Title	Annual Compensation				Long-Term Compensation			
	(b) Year	(c) Salary	(d) Bonus	(e) Other Annual Compensation	(f) Restricted Stock Awards	(g) Securities Underlying Options	(h) LTIP Payouts	(i) All Other Compensation
		(\$)(1)	(\$)	(\$)(2)	(\$)	(#)	(\$)(3)	(\$)(4)
Larry L. Weyers Director, Chairman, President and Chief Executive Officer WPS Resources Corporation	2005	625,000	890,485	56,759	0	121,705	823,018	35,078
	2004	600,000	777,060	30,078	0	111,607	1,161,681	25,669
	2003	544,817	409,465	38,880	0	97,015	1,058,688	27,837
Phillip M. Mikulsky Executive Vice President - Development WPS Resources Corporation	2005	335,000	285,458	27,775	0	32,455	299,044	21,697
	2004	312,171	278,753	14,719	0	37,388	424,403	18,121
	2003	285,087	124,104	19,026	0	32,032	302,625	18,399
Mark A. Radtke President WPS Energy Services, Inc.	2005	285,000	259,927	0	0	23,182	156,690	13,332
	2004	258,435	235,506	0	0	26,723	197,888	13,403
	2003	233,363	144,773	0	0	18,182	91,583	12,423
Daniel J. Verbanac Chief Operating Officer WPS Energy Services, Inc.	2005	245,000	248,119	0	0	14,450	103,525	13,014
	2004	231,750	232,329	0	0	15,313	164,366	13,037
	2003	194,707	255,110	0	0	13,451	76,049	12,197
Joseph P. O'Leary Senior Vice President and Chief Financial Officer WPS Resources Corporation	2005	290,000	182,272	0	0	23,955	147,803	13,024
	2004	261,862	158,016	0	0	23,304	234,603	7,717
	2003	234,778	98,428	0	0	17,371	120,936	2,065

(1)

In addition to base compensation, these amounts include elective deferred compensation invested in various investment options for each individual.

Edgar Filing: WPS RESOURCES CORP - Form DEF 14A

- (2) These amounts reflect above-market earnings on elective deferred compensation. Perquisites for the chief executive officer and the other named executive officers were less than \$50,000 or 10 percent of the total of salary and bonus for the year and are not listed.
- (3) Performance shares of WPS Resources common stock awarded to each of the named executive officers are reported in the long-term incentive plan table presented later in this proxy report. On December 31, 2005, the closing price of WPS Resources common stock was \$55.31. Based on this valuation, total performance shares held at year-end, exclusive of the awards which are reported in column (h) and which were paid out in February 2006, have a value of \$2,380,708 for Larry L. Weyers, \$729,871 for Phillip M. Mikulsky, \$453,653 for Mark A. Radtke, \$310,289 for Daniel J. Verbanac and \$464,383 for Joseph P. O'Leary.
- (4) All other compensation reported in column (i) above is:

Name	Year	Contributions to Employee Stock Ownership Plan (\$)
-------------	-------------	--