



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 19, 2005

The WPS Resources annual meeting will be held on Thursday, May 19, 2005, 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 Albert J. Budney, Jr., James L. Kemerling and John C. Meng 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 2005;
3. Approve the WPS Resources Corporation 2005 Omnibus Incentive Compensation Plan, which authorizes 1.6 million shares of Common Stock for future grants;
4. Approve the amended and restated WPS Resources Corporation Deferred Compensation Plan, which increases the number of shares of Common Stock available for future grants by 500,000 shares; and
5. 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 24, 2005, 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 8, 2005

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.

**2005 ANNUAL MEETING OF SHAREHOLDERS
PROXY STATEMENT
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This proxy statement, the accompanying Notice of Annual Meeting of Shareholders and proxy card are being mailed to shareholders on or about April 8, 2005, 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 independent registered public accounting firm for the year 2005 for WPS Resources, approve the 2005 Omnibus Incentive Compensation Plan, approve the amended and restated Deferred Compensation Plan 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 24, 2005, 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 24, 2005, a total of 37,791,410 shares were eligible to vote. Votes of 18,895,706 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, ratification of the selection of Deloitte & Touche LLP as independent registered public accounting firm for WPS Resources and its subsidiaries for 2005, approval of the 2005 Omnibus Incentive Compensation Plan and approval of the amended and restated Deferred Compensation Plan. 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 19, 2005.

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 24, 2005, can vote. Each share is entitled to one vote.

Q: How do I vote?

A: You may vote your shares in 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 Albert J. Budney, Jr., James L. Kemerling and John C. Meng, FOR the ratification of the selection of Deloitte & Touche LLP as independent registered public accounting firm for WPS Resources and its subsidiaries for 2005, FOR approval of the 2005 Omnibus Incentive Compensation Plan and FOR approval of the amended and restated Deferred Compensation Plan. You have the right to change your vote any time before the meeting by:

- 1) Notifying us in writing,
- 2) Revoting over the telephone or Internet,
- 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 best judgment of the appointed proxies, Larry L. Weyers and Barth J. Wolf.

You may vote over the Internet or telephone until midnight Eastern time on May 18, 2005.

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 routine matters or they may leave your shares unvoted. **Approval of the executive compensation plans is not considered routine and can only be voted by your broker with your specific instructions. Therefore, we urge you to respond to your brokerage firm so that your vote will be cast.**

Q: What are the Board of Directors’ voting recommendations?

A: The board recommends shareholders vote FOR the election of all of the proposed directors, FOR the ratification of the selection of Deloitte & Touche as independent registered public accounting firm for 2005, FOR approval of the WPS Resources Corporation 2005 Omnibus Incentive Compensation Plan and FOR approval of the amended and restated WPS Resources Corporation Deferred Compensation Plan.

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 in 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 17, 2005 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 Minnesota, National Association. 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 directors or the specified director, as the case may be.

Q: When are shareholder proposals due to be included in the proxy for the 2006 annual meeting?

A: Shareholder proposals must be received in writing by December 9, 2005, 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,"
- Enter your account number and social security number (without any dashes) in the boxes near the bottom of 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 2005, available no later than August 9, 2005, on WPS Resources' Web site (www.wpsr.com), under Investor Information and then 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 B -- Term Expiring in 2005

Name	Age	Principal Occupation	Director Since
Albert J. Budney, Jr.	57	Retired 2002 - Present	2002
		Director and President Niagara Mohawk Holdings, Inc. Syracuse, NY (Holding company for electric and gas operations) 1999 - 2002	
James L. Kemerling	65	Chairman and Chief Executive Officer Award Hardwood Floors, LLP Wausau, WI 2003 - present (Manufacturer of hardwood flooring)	1988
		President and Chief Executive Officer Riiser Oil Company, Inc. Wausau, WI (Distributor of petroleum products) 1999 - present	
John C. Meng	60	Chairman of the Board Schreiber Foods, Inc. Green Bay, WI (Manufacturer of cheese products and frozen entrees) 1999 - present	2000

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 C -- Term Expiring in 2006

Name	Age	Principal Occupation	Director Since
Kathryn M. Hasselblad-Pascale	56	Managing Partner Hasselblad Machine Company, LLP Green Bay, WI (Manufacturer of automatic screw machine products) 1999 - present	1987
William F. Protz, Jr.	60	Consultant Santa's Best, LLP Northfield, IL (Manufacturer and supplier of Christmas decorations and accessories) 2003 - present President and Chief Executive Officer Santa's Best, LLP 1991 - 2003	2001
Larry L. Weyers	59	Chairman, President and Chief Executive Officer WPS Resources Corporation Green Bay, WI 1998 - present	1996

Class A -- Term Expiring in 2007

Name	Age	Principal Occupation	Director Since
Richard A. Bemis	63	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	49	Managing Director William Blair Capital Partners, LLC Chicago, IL (Investment firm) 1999 - present	2003
Robert C. Gallagher	66	Chairman Associated Banc-Corp. Green Bay, WI (Diversified multi-bank holding company) 2003 - present President and Chief Executive Officer Associated Banc-Corp. 2000 - 2003 President and Chief Operating Officer Associated Banc-Corp. 1999 - 2000	1992

On February 10, 2005, 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, Richard A. Bemis, 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 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, 2005, as well as its internal control over financial reporting as of December 31, 2005 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 2004 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, 2004 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 2004, 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 2005, 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 because the broker does not have authority to vote on the matter.

The board of directors recommends a vote "FOR" the ratification of the appointment of Deloitte & Touche LLP as the independent registered public accounting firm for WPS Resources and its subsidiaries for 2005.

**APPROVAL OF THE
WPS RESOURCES CORPORATION
2005 OMNIBUS INCENTIVE COMPENSATION PLAN**

The board of directors of WPS Resources adopted the WPS Resources Corporation 2005 Omnibus Incentive Compensation Plan (the "2005 Incentive Compensation Plan"), subject to approval by the holders of common stock at the WPS Resources 2005 Annual Meeting of Shareholders.

The board seeks shareholder approval of the WPS Resources Corporation 2005 Omnibus Incentive Compensation Plan, which authorizes 1.6 million shares of Common Stock for use in future grants made under the plan. If the 2005 Incentive Compensation Plan is approved, no further grants will be made under the WPS Resources Corporation 2001 Omnibus Incentive Compensation Plan (the "2001 Omnibus Incentive Compensation Plan"), although the 2001 Omnibus Incentive Compensation Plan will continue to operate in accordance with its terms with respect to grants previously made.

The board also seeks approval of the plan to satisfy requirements of tax law necessary to preserve WPS Resources' ability to claim tax deductions for compensation to executive officers that may exceed \$1 million as a result of awards provided by this plan. Internal Revenue Code Section 162(m) limits the tax deduction for compensation in excess of \$1 million in a given year paid to the Chief Executive Officer and the four most highly compensated executive officers. "Performance based" compensation meeting certain requirements is not counted against the \$1 million limit and remains fully deductible for tax purposes. Shareholder approval of the general business criteria of this plan and the maximum amounts that may be awarded under the plan, even without shareholder approval of specific targeted levels of performance, will qualify the incentive awards under this plan as performance based compensation and is expected to allow full tax deductibility of any performance-based awards under this plan for the next five years.

Plan Description

The 2005 Incentive Compensation Plan provides both short-term (annual) and long-term incentive awards for eligible employees. Annual incentive awards are paid in cash and take the form of annual performance rights. Long-term incentive awards are stock-based, and may take the form of performance stock rights ("Performance Shares"), stock options ("Options"), stock appreciation rights ("SARs"), or other stock-based awards, such as restricted stock ("Other Stock Awards"). Performance Shares, Options, SARs, and Other Stock Awards are sometimes collectively referred to as "Plan Awards." Final Awards are defined as awards ultimately issued pursuant to an annual performance right or a performance stock right. As noted above, the board seeks shareholder approval of the 2005 Incentive Compensation Plan, which authorizes the issuance of 1.6 million shares of Common Stock for use in future grants. Of the 1.6 million total shares of Common Stock, no more than 400,000 will be used for grants of Performance Shares and Other Stock Awards.

Material Terms of the 2005 Omnibus Incentive Compensation Plan

The following summary description of the 2005 Incentive Compensation Plan is subject in all respects to the full text of the 2005 Incentive Compensation Plan. A copy of the 2005 Incentive Compensation Plan will be furnished without charge to any person entitled to receive a copy of WPS Resources' Form 10-K upon written request to WPS Resources Corporation, Attention: Barth J. Wolf, Secretary and Manager - Legal Services, P.O. Box 19001, Green Bay, Wisconsin 54307-9001.

Purpose:

The 2005 Incentive Compensation Plan is designed to:

- Attract and retain executives and other key employees of outstanding training, experience and ability;

- Motivate key employees by means of performance-related incentives to achieve performance goals; and
- Enable key employees to participate in the growth and financial success of WPS Resources.

Stock Subject to the Plan:

The total number of shares of WPS Resources' Common Stock available for awards under the 2005 Incentive Compensation Plan will be 1,600,000 shares subject to adjustment for stock splits, stock dividends and certain other transactions or events affecting WPS Resources' Common Stock. During any calendar year during any part of which the 2005 Incentive Compensation Plan is in effect, a maximum of 250,000 shares of WPS Resources' Common Stock may be subject to Options or SARs that may be granted to an individual, who on the last day of a taxable year, is the chief executive officer of WPS Resources or any of the other four highest compensated officers of WPS Resources and its subsidiaries (each a "Covered Executive") and a maximum of 50,000 shares of WPS Resources' Common Stock may be granted as Final Awards in any calendar year pursuant to Performance Stock Rights (as described below) or other performance-based awards to any Covered Executive. In each case the maximum number is subject to adjustment for stock splits, stock dividends and certain other transactions and events.

Administrator:

The Compensation Committee of WPS Resources' board of directors or any other committee which the board may appoint, which in either case consists of not less than two members of the board each of whom meets the "outside" director requirements of Section 162(m) of the Internal Revenue Code (the "Code"), the New York Stock Exchange independence requirements, and the "non-employee director" requirements of Rule 16b-3(b)(3) under the Securities Exchange Act of 1934 (the "Exchange Act") (either referred to as the "Committee") will administer the 2005 Incentive Compensation Plan. The 2005 Incentive Compensation Plan authorizes the Committee to establish rules and regulations as it may deem appropriate for the proper administration of the 2005 Incentive Compensation Plan, and to make determinations under and interpretations of the 2005 Incentive Compensation Plan and to take other steps in connection with the 2005 Incentive Compensation Plan and Plan Awards as it may deem necessary or advisable, in each case in its sole discretion. The board may also exercise any authority granted to the Committee except to the extent that the grant or exercise of authority by the board would cause any qualified performance-based award to cease to qualify for exemption under Section 162(m) of the Code. The Committee may delegate any or all of its powers and duties under the 2005 Incentive Compensation Plan, including its authority to make awards under the 2005 Incentive Compensation Plan or to grant waivers of 2005 Incentive Compensation Plan conditions, to one or more other persons or committees as it shall appoint provided the Committee may not delegate its authority to:

- Act on matters affecting any participant who is subject to the reporting requirements of Section 16(m) of the Exchange Act, or the liability provisions of Section 16(b) of the Exchange Act; or
- Amend or modify the 2005 Incentive Compensation Plan.

Annual Performance Rights and Final Awards:

The Committee may from time to time grant or authorize the granting of Annual Performance Rights under the 2005 Incentive Compensation Plan to such officers or other employees of WPS Resources or any of its subsidiaries, or of any joint venture in which WPS Resources or any of its subsidiaries has a substantial equity interest (each, an "Employee") as the Committee may select. An Annual Performance Right is the right to receive up to the amount described in a participant's award agreement, taking into

account the Target Award and the Performance Formula, upon the attainment of one or more specified Performance Goals, subject to the terms and conditions of the award agreement and the 2005 Incentive Compensation Plan. The Target Award is the amount of compensation or the number of shares of WPS Resources' Common Stock to be earned by a participant if all the Performance Goals are achieved at the specified level. Performance Goals for Covered Executives will be a performance measure that is based upon one or more of the following business criteria which the Committee establishes with respect to WPS Resources and/or any of its subsidiaries or a division, business unit or component of WPS Resources or a subsidiary: asset change, asset turnover, capital employed in the business, capital spending, cash flow, cost structure improvements, complexity reductions, customer loyalty, diversity, earnings growth, earnings per share, economic value-added, environmental health, safety, increase in customer base, market share, net cash balance, net income, net income margin, net operating cash flow, operating profit margin, operations and maintenance reduction, productivity, response time, profits before tax, quality/customer satisfaction, return on assets, return on capital, return on equity, return on net operating assets, return on sales, revenue growth, sales margin, sales volume, system reliability, total shareholder return, variable margin and working capital. Performance goals for a participant who is not a Covered Executive may be based on one or more of the business criteria described above or any other criteria based on individual, business unit, subsidiaries, group or Company performance selected by the Committee. A Performance Formula is applied to the Performance Goals in determining the percentage, not to exceed 200%, of the Target Award earned by the participant with respect to a Plan Award.

A Final Award of \$2 million is the maximum amount that may be granted to a Covered Executive with respect to one or more Annual Performance Rights during any calendar year during any part of which the 2005 Incentive Compensation Plan is in effect.

Prior to the grant of any Annual Performance Right, the Committee will determine the terms of the Annual Performance Right including:

- The Target Award,
- One or more Performance Goals to measure performance,
- The Performance Formula to apply against the Performance Goals in determining the amount of compensation earned under the Performance Right as a percentage of the Target Award, and
- The Performance Period (the period for which performance with respect to one or more Performance Goals is to be measured).

The Performance Period may not commence more than 90 days prior to the date of grant of the Performance Right. Within 90 days of commencement of a Performance Period, the Committee may establish a minimum threshold objective for any Performance Goal, which if not met, would result in no Final Award being made to any Participant with respect to the Performance Goal. During and after the Performance Period but prior to determination of the Final Award, the Committee may adjust the Performance Goals, Performance Formula and Target Award and otherwise modify the terms of a Performance Right granted to a participant who is not a Covered Executive. Each Annual Performance Right will be evidenced by an award agreement in a form determined by the Committee.

As soon as practicable, following the completion of the Performance Period relating to any Annual Performance Right, the Committee will determine the extent to which the participant achieved the Performance Goals and the amount of compensation to be awarded as a Final Award. The Committee may in its sole discretion reduce the amount of any Final Award or increase the amount of any Final Award awarded to any participant who is not a Covered Executive. Any determination shall take into account:

- The extent to which the Performance Goals were, in the Committee's sole opinion, achieved;

- Individual performance by the participant during the performance period; and
- Such other factors as the Committee may deem relevant, including changes in circumstances or unforeseen events.

The Final Award will be payable to the participant in cash unless the participant elects to defer its payment pursuant to the WPS Resources Corporation Deferred Compensation Plan.

Performance Stock Rights and Final Awards:

The Committee may from time to time grant or authorize the granting of Performance Stock Rights to such Employees as the Committee may select and for such number of shares of WPS Resources' common stock as it may designate subject to the limitations specified in the 2005 Incentive Compensation Plan. A Performance Stock Right is the right to receive, without payment to WPS Resources, up to the number of shares of WPS Resources' common stock described in the participant's award agreement, taking into account the Target Award and the Performance Formula upon the attainment of one or more Performance Goals, subject to the terms of the award agreement and the 2005 Incentive Compensation Plan.

Prior to the grant of any Performance Stock Right, the Committee will determine the terms of the Performance Stock Right, including the Target Award, Performance Goal, Performance Formula and Performance Period. The Committee at any time prior to granting the Final Award will also determine the period of time, if any, during which the disposition of shares of WPS Resources' common stock issuable under the Performance Stock Rights will be restricted. The Committee may also determine that any participant will be entitled to receive Dividend Equivalents, *i.e.*, payment of the same amount of cash or other credit in the same amount as he or she would have received as cash dividends during the Performance Period if the participant had owned the number of shares of WPS Resources' common stock equal to the Target Award. Dividend Equivalents may be paid in cash on dividend payment dates or at the time of the Final Award or in shares of WPS Resources' common stock, all as the Committee may determine. Final Awards are made in the manner previously described with respect to Annual Performance Rights but are payable in shares of WPS Resources' common stock unless the participant elects to defer payment pursuant to the WPS Resources Corporation Deferred Compensation Plan.

Options:

The Committee may from time to time authorize the granting of Options to officers and other key salaried Employees as the Committee may select. Each Option will be a nonqualified stock option unless the Committee at the time of grant designates the Option as an "incentive stock option" as such term is defined in Section 422 of the Internal Revenue Code ("ISO").

Option Price:

The Committee will determine the per share option price which will be not less than the fair market value of WPS Resources' common stock on the date of the grant of the Option.

Option Period:

The Committee will determine the term of each Option. The term of an Option, however, may not exceed a period of ten (10) years from the date of its grant.

Exercise of Option:

Unless the Committee shall provide otherwise, the participant may make any payment for shares of WPS Resources' common stock purchased upon exercise of an Option granted under the 2005

Incentive Compensation Plan in cash, by delivery of shares of WPS Resources' common stock which have been beneficially owned by the participant for at least six months or by a combination of cash and stock, at the election of the participant. The Committee may also permit payment through a cashless exercise executed through a broker.

ISO's Option Period Maximum Value:

Options, which are ISOs, may be exercised no later than three months after termination of employment by reason of death, early or normal retirement or total and permanent disability. The aggregate fair market value of the stock for which an ISO is exercisable for the first time by a participant during any calendar year under the 2005 Incentive Compensation Plan or any other plan of WPS Resources or any subsidiary may not exceed \$100,000. To the extent the fair market value of the shares of WPS Resources' common stock attributable to ISOs first exercisable in any calendar year exceeds \$100,000, the excess portion of the ISO will be treated as a nonqualified option.

SARs:

WPS Resources may grant SARs in tandem with Options or separate from any Option granted under the 2005 Incentive Compensation Plan. SARs entitle the participant to receive an amount equal to the excess of the fair market value of one share of WPS Resources' common stock on the date of exercise over the per share grant or option price multiplied by the number of shares in respect of which the participant exercises the SARs. If the Committee grants SARs independent of an Option, the grant price of the SARs will be not less than the fair market value of a share of WPS Resources' common stock on the date of grant multiplied by the number of shares subject to the SARs. Upon exercise of SARs, WPS Resources generally will pay the participant in WPS Resources common stock, although for certain types of SARs, the 2005 Incentive Compensation Plan permits WPS Resources to pay the participant in cash, WPS Resources common stock or a combination of stock and cash.

In the case of a SAR issued in tandem with an Option, the total number of shares of WPS Resources' common stock that a participant may receive upon exercise of a SAR for stock may not exceed the total number of shares subject to the related Option or portion of Option. The total amounts of cash that a participant may receive upon exercise of a SAR for cash (where an exercise for cash is permitted) may not exceed the fair market value on the date of exercise of the total number of shares subject to the related Option or portion of Option.

With respect to Options issued in tandem with SARs, the right of a participant to exercise the SAR will be cancelled if and to the extent the participant exercises the related Option, and the right of a participant to exercise an Option will be cancelled if and to the extent the participant exercises the related SAR.

Stock and Other Stock-Based Awards:

The Committee may from time-to-time grant to officers and other key salaried Employees as the Committee may select other stock-based awards which may include awards of restricted stock, "stock units," phantom stock and options containing terms differing from options otherwise granted pursuant to the 2005 Incentive Compensation Plan. The Committee has authority to determine all terms and conditions of the other stock-based awards including whether the awards will be payable in cash, stock or otherwise.

Cash Awards to Employees of Foreign Subsidiaries, Branches or Joint Ventures:

The Committee may provide for special terms, including cash payments and other substitutes for the previously described awards under the 2005 Incentive Compensation Plan for participants who are foreign nationals or who are employed outside the United States of America to accommodate differences in local law, tax policy or custom.

Conditions to Payment of 2005 Incentive Compensation Plan Awards:

If a 2005 Incentive Compensation Plan participant's employment terminates for any reason other than death, while any award to the participant under the Plan is outstanding and the participant has not received the compensation or stock covered by the award or the full benefit of the award, the participant will receive the remaining stock, compensation or benefit only if the participant continues to make himself or herself available upon request at reasonable times and on a reasonable basis to consult with, supply information to, and otherwise cooperate with WPS Resources or any of its subsidiaries with respect to any matter previously handled by him or her or under his or her supervision and the participant refrains from engaging in any activity that is directly or indirectly in competition with any activity of WPS Resources or any of its subsidiaries. The Committee may waive any forfeiture of 2005 Incentive Compensation Plan awards if it determines that there has not been and will not be any substantial adverse effect on WPS Resources or any of its subsidiaries.

All rights of a participant under any award granted under the 2005 Incentive Compensation Plan will cease as of the date the Committee determines that the participant at any time acted in a manner inimical to WPS Resources or any of its subsidiaries.

The Committee will make appropriate arrangements for deposit of any taxes and other required federal, state or local withholdings prior to distribution of cash, stock or other stock-based awards to any participant.

Transferability of Awards, Options and SARs:

No Annual Performance Right or Performance Stock Right, or until the expiration of any restriction period, no shares of WPS Resources' common stock covered by any Final Award may be transferred, pledged, assigned or otherwise disposed of by a participant except as permitted by the 2005 Incentive Compensation Plan, without the consent of the Committee, other than by will or the laws of descent and distribution. The Committee may permit the use of stock included in any Final Award as partial or full payment upon exercise of any stock option granted by WPS Resources prior to the expiration of any restriction period relating to the Final Award.

Unless the Committee determines otherwise under the 2005 Incentive Compensation Plan, no Option or SAR or other stock-based award granted under the 2005 Incentive Compensation Plan may be transferred by a participant other than by will or the laws of descent and distribution, and during the lifetime of a participant any Option or SAR or other stock-based award granted under the 2005 Incentive Compensation Plan to a participant shall be exercisable only by the participant or his or her guardian or legal representative.

A participant may file with WPS Resources a written designation of a beneficiary or beneficiaries under the 2005 Incentive Compensation Plan subject to any limitations the Committee may from time to time prescribe.

Change in Control:

Unless the Committee determines otherwise at the time of grant, upon the occurrence of a Change in Control:

- Any awards of Options or SARs outstanding under the 2005 Incentive Compensation Plan that are not vested will become fully vested, and any other awards outstanding under the 2005 Incentive Compensation Plan that are not vested will become fully vested if vesting is based solely upon length of employment or will become fully vested at the Target Level (or if greater, the then projected Final Award) prorated for the portion of the Performance Period then elapsed,

- Any restrictions or other conditions applicable to outstanding 2005 Incentive Compensation Plan awards will then lapse, and
- Any of those awards will immediately be paid to the participant.

Change of Control means the occurrence of any one of the following:

- Any person (other than an employee benefit plan of WPS Resources or of any subsidiary of WPS Resources and fiduciaries and certain other parties related to any of these plans) becomes the beneficial owner of securities of WPS Resources representing at least 30% of the combined voting power of WPS Resources' then outstanding securities;
- One-half or more of the members of WPS Resources' board of directors ceases to be a "Continuing Director," i.e., an individual who was a member of the board on May 1, 1997, a successor to a Continuing Director who is recommended to succeed a Continuing Director by a majority of the Continuing Directors then on WPS Resources' board of directors or additional directors elected by a majority of the Continuing Directors;
- Completion of any merger, consolidation or reorganization of WPS Resources with any other corporation as a result of which less than 50% of the outstanding voting securities of the surviving or resulting entity are owned by the former shareholders of WPS Resources other than a shareholder who is an affiliate or associate of any party to such consolidation or merger;
- Completion of any merger of WPS Resources or share exchange involving WPS Resources in which WPS Resources is not the continuing or surviving corporation other than a merger of WPS Resources in which each of the holders of WPS Resources' common stock immediately prior to the merger have the same proportional ownership of common stock of the surviving corporation immediately after the merger;
- Completion of any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of WPS Resources to a person other than a wholly owned subsidiary of WPS Resources; or
- Approval by the shareholders of WPS Resources of any plan or proposal for the liquidation or dissolution of WPS Resources.

Amendment and Termination:

The board of directors of WPS Resources may, from time to time, amend or modify the 2005 Incentive Compensation Plan or any outstanding award under the 2005 Incentive Compensation Plan as necessary or desirable to implement Plan Awards or may terminate the 2005 Incentive Compensation Plan or any provision of the 2005 Incentive Compensation Plan. No such action of the board, however, without the approval of the shareholders of WPS Resources may:

- Increase the total number of shares of WPS Resources' common stock with respect to which awards may be granted under the 2005 Incentive Compensation Plan or increase certain individual limits specified in the 2005 Incentive Compensation Plan,
- Extend the terms of the 2005 Incentive Compensation Plan beyond December 31, 2014,
- Permit any person while a member of the Committee or any other committee of the board administering the Plan to be eligible to receive or hold an award under the 2005 Incentive Compensation Plan; or
- Permit WPS Resources to decrease the grant price of any outstanding Option or SAR.

Accounting Treatment of Options

Under existing accounting rules, WPS Resources incurs no compensation expense upon the grant of a stock option with an exercise price at least equal to the fair market value of WPS Resources' common

stock on the date of grant. In December 2004, FASB issued Statement of Financial Accounting Standards ("SFAS") No. 123 (Revised 2004), "Share-Based Payment" ("SFAS 123R"). This standard requires expensing of stock options and other share-based payments and supersedes SFAS No. 123, which had allowed companies to choose between expensing stock options or showing pro forma disclosure only. This standard is effective as of July 1, 2005 and will apply to all awards granted, modified, cancelled or repurchased after that date as well as the unvested portion of prior awards. WPS Resources will adopt the standard as of the effective date and believes it will not have a material effect on its financial statements.

Federal Income Tax Consequences

The federal income tax consequences described in this section are based on laws and regulations in effect on the date of this proxy statement and future changes in those laws and regulations may affect the tax consequences described below. No discussion of state income tax treatment has been included.

Nonqualified Stock Options:

Options granted under the 2005 Incentive Compensation Plan which do not qualify as ISOs will, in general, be subject to the following federal income tax treatment:

- The grant of a nonqualified option does not give rise to any income tax consequences to either WPS Resources or the participant.
- The exercise of a nonqualified option generally results in ordinary taxable income to the participant in the amount equal to the excess of the fair market value of the shares at the time of exercise over the option price. A deduction from taxable income is allowed to WPS Resources in an amount equal to the amount of ordinary income recognized by the participant.
- Upon a subsequent taxable disposition of shares, a participant recognizes short-term or long-term capital gain (or loss) depending on the holding period, equal to the difference between the amount received and the tax basis of the shares, usually the fair market value at the time of exercise, net of any transaction costs.

Incentive Stock Options:

Options granted under the Plan which constitute ISOs will, in general, be subject to the following federal income tax treatment:

- The grant of an ISO does not give rise to any income tax consequences to either WPS Resources or the participant.
- No deduction is allowed to WPS Resources on a participant's exercise of an ISO.
- A participant's exercise of an ISO does not result in ordinary income to the participant for regular tax purposes, but may result in the imposition of or an increase in alternative minimum tax. If shares acquired upon exercise of an ISO are not disposed of within the same taxable year of the ISO exercise, the excess of the fair market value of the shares at the time the ISO is exercised over the option price is included in the participant's computation of alternative minimum taxable income in the year of exercise.
- If shares acquired upon the exercise of an ISO are disposed of within two years of the date of the option grant, or within one year of the date of the option exercise, the participant recognizes ordinary taxable income at the time of the disposition to the extent that the fair market value of the shares at the time of exercise exceeds the option price, but not in an amount greater than the excess, if any, of the amount realized on the disposition over the option price. The participant recognizes capital gain (long-term or short-term depending

upon the holding period) at the time of such a disposition to the extent that the amount of proceeds from the sale exceeds the fair market value at the time of the exercise of the ISO. The participant recognizes capital loss (long-term or short-term depending upon the holding period) at the time of such a disposition to the extent that the fair market value at the time of the exercise of the ISO exceeds the amount of proceeds from the sale. WPS Resources is entitled to a deduction in the taxable year in which the disposition is made in an amount equal to the amount of ordinary income recognized by the participant.

- If shares acquired upon the exercise of an ISO are disposed of after the later of two years from the date of the option grant or one year from the date of the option exercise in a taxable transaction, the participant recognizes long-term capital gain or loss at the time of the disposition in an amount equal to the difference between the amount realized by the participant on the disposition and the participant's basis in the shares. WPS Resources will not be entitled to any income tax deduction with respect to the ISO.

Stock Appreciation Rights:

Any SAR granted under the 2005 Incentive Compensation Plan will, in general, be subject to the following federal income tax treatment:

- The grant of a SAR does not give rise to any income tax consequences to either WPS Resources or the participant.
- Upon the exercise of a SAR, the participant recognizes ordinary income equal to the amount of any cash plus the fair market value of any shares of common stock received. WPS Resources is generally allowed a deduction in an amount equal to the income recognized by the participant.

Annual Performance Rights and Performance Stock Rights:

Any Annual Performance Right or Performance Stock Right granted under the 2005 Incentive Compensation Plan will, in general, be subject to the following federal income tax treatment:

- The grant of an Annual Performance Right or Performance Stock Right does not give rise to any tax consequences to either WPS Resources or the participant.
- Upon payment of cash pursuant to an Annual Performance Right, the participant recognizes ordinary income equal to the amount of the payment and WPS Resources is generally allowed a deduction in an equal amount.
- Upon the issuance of WPS Resources' common stock pursuant to a Performance Stock Right, generally the participant recognizes ordinary income equal to the fair market value of the shares received, or if received subject to certain restrictions, the fair market value of the shares when no longer restricted. The participant recognizes ordinary income on the receipt of Dividend Equivalents.
- A deduction from taxable income is allowed to WPS Resources in an amount equal to the amount of ordinary income recognized by the participant with respect to the Performance Stock Right.

Internal Revenue Code Sections 162(m) and 280G:

Section 162(m) of the Internal Revenue Code limits WPS Resources' income tax deduction for compensation paid in any taxable year to certain executive officers to \$1 million per individual. Amounts in excess of \$1 million are not deductible unless one of several exceptions apply. The Committee intends to grant awards under the 2005 Incentive Compensation Plan that are designed, in most cases, to qualify for one such exception, the performance-based compensation exception. Grants of Options and SARs as well as Annual Performance Rights and Performance Stock Rights can be

structured so as to qualify for this exception. WPS Resources does not anticipate that Section 162(m) will have a material impact on its ability to deduct compensation payable under the 2005 Incentive Compensation Plan. Section 280G of the Internal Revenue Code limits WPS Resources' income tax deduction in the event there is a change in control of WPS Resources. Accordingly, all or some of the amount which would otherwise be deductible may not be deductible with respect to those Annual Performance Rights, Performance Stock Rights, Options and SARs that become immediately exercisable or payable in the event of a change in control of WPS Resources.

Other Disclosures

Market Price of Common Stock:

The closing price of a share of WPS Resources' common stock on the New York Stock Exchange on March 15, 2005 was \$54.34.

New Plan Benefits:

The number and amount of awards under the 2005 Incentive Compensation Plan has yet to be determined. The Committee pursuant to the terms of the 2005 Incentive Compensation Plan will determine the number and nature of the 2005 Incentive Compensation plan awards. In 2004, 129 employees received grants under the 2001 Omnibus Incentive Compensation Plan. See "Option Grants to Named Executives in Last Fiscal Year" for information relating to the stock options rights granted to WPS Resources' five most highly compensated executive officers. The table below shows the tentative performance share grants at target remaining to be awarded under the 2001 Omnibus Incentive Compensation Plan as of December 31, 2004, to the named executive officers, all current executive officers as a group, all current directors who are not executive officers as a group and all officers who are not executive officers, as a group.

**Outstanding Target Performance Share Grants
2001 Omnibus Incentive Compensation Plan**

Name and Position	Dollar Value (\$)	Performance Shares
Larry L. Weyers Director, Chairman, President, and CEO	\$1,950,139	39,034
Phillip M. Mikulsky Executive Vice President - Development	668,515	13,381
Mark A. Radtke President - WPS Energy Services, Inc. and WPS Power Development, Inc.	371,553	7,437
Daniel J. Verbanac Chief Operating Officer - WPS Energy Services, Inc.	261,091	5,226
Joseph P. O'Leary Senior Vice President and Chief Financial Officer	368,855	7,383
Executive Group (all 13 officers as a group)	4,813,746	96,352
Non-Executive Director Group	0	0
Non-Executive Officer Employee Group	1,703,086	34,089

The dollar values of the performance share grants presented in the table above are based on WPS Resources, December 31, 2004, common stock price of \$49.96.

Required Vote:

The affirmative vote of a majority of the votes cast on the proposal by the holders of WPS Resources' common stock is required for approval and ratification of the Plan, provided that a majority of the outstanding shares of WPS Resources' common stock are voted on the proposal. Any shares not voted (whether by abstention, broker nonvote or otherwise) may prevent the proviso from being satisfied, but if such proviso is satisfied, will have no impact on the vote.

The board recommends that you vote "FOR" the approval of the 2005 Omnibus Incentive Compensation Plan. Proxies solicited by the board of directors will be voted "FOR" approval and ratification of the proposed 2005 Omnibus Incentive Compensation Plan unless the shareholder has specified otherwise.

**APPROVAL OF PROPOSED AMENDED AND RESTATED
WPS RESOURCES CORPORATION
DEFERRED COMPENSATION PLAN**

On May 3, 2001, at the Annual Meeting of Shareholders of WPS Resources, shareholders approved the WPS Resources Corporation Deferred Compensation Plan as amended and restated effective January 1, 2001 (the "Deferred Compensation Plan"). On February 10, 2005, the board of directors of WPS Resources approved the amendment and restatement of the Deferred Compensation Plan, effective as of January 1, 2005.

The following summary description of the Deferred Compensation Plan is subject in all respects to the full text of the amended and restated Deferred Compensation Plan. A copy of the Deferred Compensation Plan will be furnished without charge to any person entitled to receive a copy of WPS Resources' Form 10-K upon written request to WPS Resources Corporation, Attention: Barth J. Wolf, Secretary and Manager - Legal Services, P.O. Box 19001, Green Bay, Wisconsin 54307-9001.

The Deferred Compensation Plan permits key employees of WPS Resources and its subsidiaries and affiliates to defer a portion of their base compensation, annual bonus awards and long-term performance awards under the WPS Resources Corporation 2001 Omnibus Incentive Compensation Plan (the "2001 Omnibus Incentive Compensation Plan") and, if approved at this annual meeting, under the WPS Resources Corporation 2005 Omnibus Incentive Compensation Plan (the "2005 Incentive Compensation Plan") and in most cases, to allocate the amount deferred among the hypothetical investment accounts available under the Deferred Compensation Plan. The accounts are bookkeeping accounts, which serve solely as a device for determining the amount of benefits accumulated by a participant and do not create or imply an obligation on the part of WPS Resources to fund such benefits. In addition, the Deferred Compensation Plan includes both mandatory and voluntary components for the directors of WPS Resources.

Objective: The purpose of the Deferred Compensation Plan is to attract and retain key management employees possessing a strong interest in the successful operation of WPS Resources or its subsidiaries or affiliates and encourage their continued loyalty, service and counsel to WPS Resources and its subsidiaries and affiliates.

Eligibility and Participation: Eligibility is limited to executives and directors of WPS Resources, its subsidiaries, or affiliates. "Executive" for this purpose means a common law employee of WPS Resources or any direct or indirect subsidiary of WPS Resources and certain employees of entities in which WPS Resources or one of its subsidiaries holds an ownership interest who has been designated by the Compensation Committee of WPS Resources' board of directors ("Committee") as being eligible to participate in the Deferred Compensation Plan. As of January 1, 2005, there were 54 employees who would be eligible to participate in the Deferred Compensation Plan.

Administration: The Committee will administer and interpret the Deferred Compensation Plan and supervise preparation of compensation deferral elections and forms.

Employee Deferral of Base Compensation: A participating employee may elect to defer from 1% to 100% (or such lesser percentage as may be established by the Committee) of the participant's base compensation. Base Compensation means the base monthly salary or wage payable by a participating employer for services performed, prior to deferrals under the Deferred Compensation Plan and contributions by the participant to any other employee benefit plan maintained by a participating employer, but excludes extraordinary payments, such as overtime, bonuses, meal allowances, reimbursed expenses, termination pay, moving pay, commuting expense, severance pay, non-elective deferred compensation payments or accruals, stock options, and the value of employer-provided fringe benefits or coverage.

Employee Deferral of Annual Cash Bonus Awards: A participating employee may elect to defer from 1% to 100% (or such lesser percentage as may be established by the Committee) of any annual cash bonus that is awarded and would otherwise be paid to the participating employee for any year under the 2001 Omnibus Incentive Compensation Plan or the 2005 Incentive Compensation Plan. The portion of any such amount that a participating employee elects to have credited to the Incentive Stock Unit Account (described below) is converted to stock units and credited to the Incentive Stock Unit Account together with a 5% premium, e.g., a participating employee who defers all or a portion of the annual cash bonus is credited with stock units that are "purchased" on a dollar-for-dollar basis with the employee's deferral, and additional stock units with a value equal to 5% of the amount deferred (the "Annual Bonus Premium"). The Annual Bonus Premium applies only to annual cash bonus amounts that the participating employee elects to defer and allocates to the Incentive Stock Unit Account. The Annual Bonus Premium does not apply to any other amount.

Employee Deferral of Stock Based Compensation: A participating employee may elect to defer from 1% to 100% (or such lesser percentage as may be established by the Committee) of performance shares or other stock-based compensation (other than stock options and stock appreciation rights) that are awarded and would otherwise be paid to the participating employee for any year under the 2001 Omnibus Incentive Compensation Plan or the 2005 Incentive Compensation Plan. A participating employee may defer gains on stock options and stock appreciation rights only if the Committee determines to permit such deferrals (which, to date, the Committee has not done).

Matching Contribution and Other Employer Credits for Employees: If a participating employee's deferrals of base compensation and annual bonus under the Deferred Compensation Plan result in the employee receiving a reduced matching contribution under Wisconsin Public Service Corporation's Employee Stock Ownership Plan (because the employee had less compensation considered for purposes of Wisconsin Public Service Corporation's 401(k) plan and Employee Stock Ownership Plan), the employee will receive a matching contribution credit, in the form of stock units, under the Deferred Compensation Plan (the "Matching Contribution Credit"). The Matching Contribution Credit will equal the difference (if any) between the matching contribution actually received by the employee under the Employee Stock Ownership Plan and the matching contribution that the employee would have received under the Employee Stock Ownership Plan if base compensation and annual bonus amounts deferred by the employee under the Deferred Compensation Plan had instead been payable to the employee and had the employee's deferral election under Wisconsin Public Service Corporation's 401(k) plan, applied to such amounts. In addition, the Compensation Committee, in its discretion, may award other deferred compensation credits to such employees and in such amounts as it determines (the "Other Employer Credits").

Director Deferrals and Credits: A portion of a director's annual compensation is automatically deferred and credited to the Director Deferred Stock Unit Account under the Deferred Compensation Plan. These amounts are allocated directly to the Director Deferred Stock Unit Account, and the director has no discretion to have the amounts credited or transferred to another of the hypothetical investment options. In addition, a director may elect to defer from 1% to 100% (or such lesser percentage as may be established by the Committee) of any remaining director compensation, which the director may allocate among the hypothetical investment options established under the Deferred Compensation Plan. The Annual Bonus Premium that applies with respect to certain employee deferrals is not applicable to director deferrals or credits.

Hypothetical investment accounts are established as devices for determining the amount of benefits accumulated by a participating employee or director under the Deferred Compensation Plan and prior deferred compensation programs, including the following accounts:

Reserve Account A has been credited with the reserve account balance accumulated by a participating employee or director as of December 31, 1995, under a prior deferred compensation program of Wisconsin Public Service Corporation. Except for attributed earnings, no further contributions or credits of any kind will be made to this account. Balances of participating employees or directors in Reserve Account A are credited with an interest equivalent for each month at a rate equal to the greater of (i) 0.5% or (ii) 1/12th of the consolidated return on equity of WPS Resources and all of its consolidated subsidiaries ("ROE") for the 12 month period ended on the preceding September 30 for the months of January through March and October through December and for the 12 month period ended on the preceding March 31 for the months of April through September. The ROE for the year ended December 31, 2004 was 13.45%. Alternative (ii) will not apply to a participating employee who terminates employment with a participating employer prior to age 55 and prior to a change of control as defined below, unless the Committee determines otherwise.

Reserve Account B is credited with that portion of deferrals of base compensation and annual bonus awards which a participating employee or director elects to allocate to this account. Participant balances in Reserve Account B will be credited with an interest equivalent for each month at a rate

equal to the greater of (i) 0.5% or (ii) 70% of 1/12th of the ROE for the 12 month period ended on the preceding September 30 for the months of January through March and October through December and for the 12 month period ended on the preceding March 31 for the months of April through September. Alternative (ii) will not apply to a participating employee who terminates employment with a participating employer prior to age 55 and prior to a change of control as defined below, unless the Committee determines otherwise.

The Committee may revise the interest equivalent rate for Reserve Accounts A and B or the manner in which such rate is calculated, but may not reduce the rate below 6% per annum.

Incentive Stock Unit Account is a “buy only” account limited to that portion of deferrals of annual bonus awards which the participating employee elects to allocate to this account, deferrals of performance share awards under the 2001 Omnibus Incentive Compensation Plan or the 2005 Incentive Compensation Plan, Matching Contribution Credits, and/or Other Employer Credits. A participating employee is not permitted to reallocate amounts that are credited to the Incentive Stock Unit Account to any of the other hypothetical investment accounts.

Base Stock Unit Account is credited with that portion of a deferral of base compensation which a participating employee elects to allocate to this account.

Deferrals to the Incentive Stock Unit Account and the Base Stock Unit Account, dividends payable on stock units and any Matching Contribution Credits, will be converted for record keeping purposes, into whole and fractional stock units with fractional units calculated to four decimal places based on the closing price of WPS Resources common stock as reported in the New York Stock Exchange Composite Transactions in The Wall Street Journal on the date the deferrals are credited to a participant’s account. Participating employees electing to allocate deferrals to, or otherwise receiving credits under, the two stock accounts will have no rights of a shareholder resulting from the stock units in their accounts. WPS Resources may, however, elect to have shares of WPS Resources common stock purchased by the Trust in an amount equal to a portion of the stock units in the stock accounts. Although participants under the Deferred Compensation Plan will have no proprietary interest in shares purchased by the Trust and will remain general unsecured creditors of WPS Resources with respect to amounts deferred under the Deferred Compensation Plan, shares held by the Trust for purposes of exercising voting rights are allocated proportionately to the share units in the respective stock accounts of participating employees and voted in accordance with the instructions of such participants.

Director Deferred Stock Unit Account is a “buy only” account limited to the portion of a director’s fees that is automatically converted into WPS Stock Units. A director is not permitted to reallocate amounts credited to the Director Deferred Stock Unit Account to any of the other hypothetical investment options.

The Committee has established certain other hypothetical investment accounts. Such accounts, generally mirror investment options available to the participating employee under Wisconsin Public Service Corporation’s 401(k) savings plan.

Elections to defer base compensation or director fees generally must be made prior to the beginning of the calendar year in which the deferred amount would otherwise be paid. Elections to defer annual bonus awards must be made each year on or before June 30 (or such earlier date as may be established by the Committee). Elections to defer long-term performance incentive awards must be made at least six months prior to the end of the performance period (or such earlier date as may be established by the Committee). The Committee may establish additional requirements with respect to the form and timing of deferral elections.

In accordance with Committee rules, participating employees and directors may elect to reallocate how deferred amounts are deemed to be invested. The right to reallocate the deemed investment of

deferred amounts does not apply to amounts deferred prior to July 1, 2001, and does not apply with respect to any amounts credited to the Incentive Stock Unit Account or the Director Deferred Stock Unit Account.

All reallocation elections by a participant who is subject to Section 16 of the Exchange Act of 1934 (“Exchange Act”), however, are subject to review by the Committee prior to implementation. In addition, the following transactions are prohibited: elections to reallocate the deemed investments into WPS Resources Stock Units within six months of an election to reallocate deemed investments out of WPS Resources Stock Units and elections to reallocate the deemed investments out of WPS Resources Stock Units within six months of an election to reallocate deemed investments into WPS Resources Stock Units. These prohibited transactions are void. The Committee may restrict additional transactions, or impose other rules and procedures, to the extent deemed desirable by the Committee in order to comply with the Exchange Act.

It is not possible to predict what benefits will be received under the Deferred Compensation Plan, as amended. The table below shows the shares of WPS Resources common stock allocated as a result of compensation deferred under the Deferred Compensation Plan in 2004, to the named executive officers, all current executive officers as a group, all current directors who are not executive officers as a group and all officers who are not executive officers, as a group.

**WPS Resources Corporation Deferred Compensation Plan
(Prior to Amendment and Restatement)
Common Stock Deferred in 2004**

<u>Name and Position</u>	<u>Dollar Value (\$)</u>	<u>Common Stock (#)</u>
Larry L. Weyers Director, Chairman, President, and CEO	\$ 418,683	8,380
Phillip M. Mikulsky Executive Vice President - Development	234,110	4,686
Mark A. Radtke President - WPS Energy Services, Inc. and WPS Power Development, Inc.	165,692	3,317
Daniel J. Verbanac Chief Operating Officer - WPS Energy Services, Inc.	93,705	1,876
Joseph P. O’Leary Senior Vice President and Chief Financial Officer	175,700	3,517
Executive Group (all 13 officers as a group)	1,689,565	33,818
Non-Executive Director Group	470,167	9,506
Non-Executive Officer Employee Group	627,011	12,550

The dollar values of the deferred common stock presented in the table above are based on WPS Resources, December 31, 2004, common stock price of \$49.96.

Distributions from Deferred Compensation Plan accounts are made in 1 to 15 annual installments, as elected by the participating employee or director and commence within 60 days following the end of the calendar year in which occurs the 6-month anniversary of the participating employee’s retirement or termination of employment or the director’s termination of service, unless the employee or director has selected a later commencement date. A participating employee or director may modify a distribution election but such revision will take effect only if certain conditions are satisfied. With respect to amounts deferred prior to January 1, 2005, the revised distribution election will take effect only if the participant remains employed by WPS Resources or a subsidiary or affiliate of WPS Resources for 12 consecutive months following the revised election. With respect to amounts deferred after December 31, 2004, a

revised distribution election is permitted only if the participant is selecting a longer installment period and deferring distribution commencement for at least five years. For purposes of determining distribution amounts, share units in the Stock Accounts will be valued on the basis of the closing price as reported in The Wall Street Journal as New York Stock Exchange Composite Transactions on January 21 (or if not a trading day the next preceding trading day) of each year.

Distributions attributable to a participant's stock accounts will be made in whole shares of common stock of WPS Resources. Distributions attributable to Reserve Account A and Reserve Account B and other hypothetical investment accounts will be made in cash. Unless a participant otherwise elects, income tax on each distribution will be withheld from the cash portion of the distribution and WPS Resources common stock will be used to satisfy withholding obligations only to the extent that the cash portion of the distribution is insufficient.

The Deferred Compensation Plan provides that, subject to adjustment as described below, the total number of authorized but previously unissued shares of common stock of WPS Resources which may be distributed to participants pursuant to the Deferred Compensation Plan is 750,000, which number is not reduced by or as a result of (i) any cash distributions pursuant to the Deferred Compensation Plan or (ii) the distribution to participants pursuant to the Deferred Compensation Plan of shares of common stock of WPS Resources that relate to an award of shares originally made (and charged against the pool of available shares) under the 2001 Omnibus Incentive Compensation Plan or the 2005 Incentive Compensation Plan. Of the 750,000 total shares, 250,000 represent shares already approved by shareholders (of which 47,417 shares have been issued) and 500,000 represent additional shares to be available upon the approval of the amended and restated WPS Resources Corporation Deferred Compensation Plan being requested at WPS Resources' 2005 annual meeting. In the event of any merger, reorganization, consolidation, recapitalization, separation, liquidation, stock dividend, split-up, share combination or other change in the corporate structure of WPS Resources affecting its common stock, adjustment will be made in the number and class of shares which may be distributed pursuant to the Deferred Compensation Plan as may be determined to be appropriate and equitable by the Committee in its sole discretion.

The Deferred Compensation Plan is intended to operate in full compliance with the insider trading liability rules under Section 16 of the Exchange Act. The Committee will administer the Deferred Compensation Plan so that transactions under the Deferred Compensation Plan will be in compliance with Section 16 of the Exchange Act and will have the right to restrict any transaction or impose other rules and requirements to the extent it deems necessary or desirable for that compliance.

**Special Rules
Applicable in Event
of Change of Control:**

The board of directors of WPS Resources may amend the Deferred Compensation Plan in anticipation of a "change of control." These amendments may include the elimination of stock units and the reallocation of the value of the stock units to Reserve Account B.

Upon a change in control, the rate of interest equivalent to be credited to Reserve Account A and Reserve Account B will be the greater of the rate of interest equivalent calculated based upon the consolidated return on equity to common shareholders of WPS Resources or any successor corporation and all subsidiaries and a rate equal to 2% above the prime lending rate of US Bank N.A. or its successor. With respect to Reserve Account B, the alternative minimum rate based on the prime lending rate of US Bank N.A. or its successor will cease to apply on the third anniversary of the change in control for participating employees who are then actively employed by WPS Resources or any successor to WPS Resources or affiliate of a successor company.

Following a change in control WPS Resources may not, without the written consent of any affected participants or beneficiary of a deceased participant, amend or take action to terminate the Deferred Compensation Plan that would:

- Decrease the number or type of investment options,
- Cause an account to be valued less frequently than quarterly,
- Impair or limit a participating employee's right to reallocate account balances,
- Decrease the interest credited under Reserve Account A or Reserve Account B, or
- Eliminate distribution options or terminate distribution elections then in effect.

Except as otherwise provided in an employment contract of a participating employee total payments under the Deferred Compensation Plan will be limited to one dollar less than the maximum amount that would cause the payment to constitute an "excess parachute payment" and subject the participating employee to the tax imposed by Section 4999 of the Internal Revenue Code.

Amendment or Termination:

Except as otherwise described above with respect to amendments following a change in control, the board may, at any time, amend or terminate the Deferred Compensation Plan without the consent of the participants or beneficiaries of participants, provided, however, that no amendment or termination may reduce any account balance accrued on behalf of a participating employee to the date of such amendment or termination, and, in accordance with federal tax laws, termination of the Deferred Compensation Plan will not, except in certain limited situations, result in accelerated distributions to plan participants.

Unfunded Plan:

The Deferred Compensation Plan is unfunded for purposes of the Internal Revenue Code and the Employee Retirement Income Security Act of 1974 ("ERISA"), and the Trust established to facilitate payments under the Deferred Compensation Plan is consistent with the "unfunded" status of the Deferred Compensation Plan. The right of a participant to receive a distribution under the Deferred Compensation Plan will be an unsecured claim.

Required Vote:

The affirmative vote of a majority of the votes cast on the proposal by the holders of WPS Resources' common stock is required for approval and ratification of the Plan, provided that a majority of the outstanding shares of WPS Resources' common stock are voted on the proposal. Any shares not voted (whether by abstention, broker nonvote or otherwise) may prevent the proviso from being satisfied, but if such proviso is satisfied, will have no impact on the vote.

The board recommends that you vote "FOR" approval of the amended and restated Deferred Compensation Plan. Proxies solicited by the board of directors will be voted "FOR" approval of the Deferred Compensation Plan, unless the shareholder has specified otherwise.

BOARD COMMITTEES

Committee Membership

The following table lists the board committees, their members as of December 31, 2004, and the number of board and board committee meetings in 2004.

Director (*Chairman)	2004 Board Committees				
	Board	Audit	Compensation	Financial	Governance
Richard A. Bemis	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 *		
James L. Kemerling	X			X *	
John C. Meng	X		X	X	
William F. Protz, Jr.	X	X			X
Larry L. Weyers	X *				
Meetings in 2004	10	7	9	6	5

In 2004, 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 2004 annual meeting.

The board of directors selected Robert C. Gallagher, to serve as lead director, for a one-year term, effective January 1, 2005. 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.

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

James L. Kemerling - Badger Paper Mills, Inc., Peshtigo, WI

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

Audit Committee

In 2004, the audit committee consisted of four independent directors of WPS Resources: Richard A. Bemis - Chairman, Albert J. Budney, Jr., Ellen Carnahan and William F. Protz, Jr. 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. 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.

The audit committee is directly responsible for the appointment, 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 to be deemed to be "soliciting material" or deemed to be filed with the Securities and Exchange Commission, 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.

Fees 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 2004 and 2003:

Fees	2004	2003
Audit Fees (a)	\$2,050,083	\$1,555,124
Audit Related Fees (b)	197,415	142,067
Tax Fees	-	-
All Other Fees (c)	14,345	36,396
Total Fees	\$2,261,843	\$1,733,587

- 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, consents and other services related to Securities and Exchange Commission 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 2004 and 2003. 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 Securities and Exchange Commission to implement the Sarbanes-Oxley Act of 2002, as well as those of the American Institute of Certified Public Accountants. Since May 6, 2003, the audit committee has approved in advance 100% of the services described in the table above under "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 Securities and Exchange Commission 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 Kathryn M. Hasselblad-Pascale - Chairperson, Robert C. Gallagher and John C. Meng. 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 to be paid officers and other key employees.

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, Ellen Carnahan and William F. Protz, Jr.

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 28, 2006 and February 22, 2006, for consideration at the 2006 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. The corporate governance guidelines and charters of the board committees may be accessed on the WPS Resources Web site, www.wpsr.com under "Investor Information" then select "Corporate Governance." Copies of the WPS Resources Corporate Governance Guidelines 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.

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 believes it is important 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.

Financial Committee

The financial committee consists of three independent directors. Current members are James L. Kemerling - Chairman, Robert C. Gallagher and John C. Meng. 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.

BOARD COMPENSATION

In 2004, 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
- 736 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 \$47.53. The total value of the grant to each director was \$35,000. 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 Securities and Exchange Commission, 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 February 28, 2005.

Name and Title	Amount and Nature of Shares Beneficially Owned February 28, 2005		
	Aggregate Number of Shares Beneficially Owned (7)	Number of Shares Subject to Stock Options	Percent of Shares
Richard A. Bemis Director	12,855	3,000	*
Albert J. Budney, Jr. Director (1)	3,285	0	*
Ellen Carnahan Director	4,205	0	*
Robert C. Gallagher Director	17,411	0	*
Kathryn M. Hasselblad-Pascale Director (2)	13,774	3,000	*
James L. Kemerling Director (3)	9,304	3,000	*
John C. Meng Director (4)	30,282	3,000	*
William F. Protz, Jr. Director (5)	157,339	0	*
Larry L. Weyers Director Chairman, President and Chief Executive Officer WPS Resources Corporation	277,229	213,195	*
Phillip M. Mikulsky Executive Vice President - Development WPS Resources Corporation	62,324	35,202	*
Mark A. Radtke President WPS Energy Services, Inc. and WPS Power Development, Inc.	49,942	36,452	*
Joseph P. O'Leary Senior Vice President and Chief Financial Officer WPS Resources Corporation	40,205	34,680	*
Daniel J. Verbanac Chief Operating Officer WPS Energy Services, Inc.	24,293	15,103	*
All 21 directors and executive officers as a group (6)	903,443	475,821	2.4%

* 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 500 shares owned by spouse.
- (2) Includes 3,263 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 185,908 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 February 28, 2005. 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 Securities and Exchange Commission 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 2004, except for David Harpole who filed one Form 4 late respecting one exempt transaction.

Equity Compensation Plan Information (as of December 31, 2004)

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	245,320	\$33.5071	0
WPS Resources Corporation 2001 Omnibus Incentive Compensation Plan	1,280,122	41.3472	431,150 ⁽²⁾
WPS Resources Corporation Deferred Compensation Plan	425,487	0	0
Equity Compensation Plans Not Approved by Security Holders			
1999 Director's Stock Option Plan ⁽¹⁾	12,000	25.5000	0
TOTAL	1,962,929	\$39.9725	431,150 ⁽²⁾

(1) 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 2003, 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.

(2) If the 2005 Incentive Compensation Plan is approved, no further grants will be made under the 2001 Omnibus Incentive Compensation Plan.

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 2004.

Annual Compensation					Long-Term Compensation			
					Awards		Payouts	
(a) Name and Title	(b) Year	(c) Salary (\$)(1)	(d) Bonus (\$)	(e) Other Annual Compensation (\$)(2)	(f) Restricted Stock Awards (\$)(3)	(g) Securities Underlying Options (#)	(h) LTIP Payouts (\$)	
Larry L. Weyers Director Chairman, President and Chief Executive Officer WPS Resources Corporation	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
	2002	539,300	358,853	26,627	0	99,027	0	22,068
Phillip M. Mikulsky Executive Vice President - Development WPS Resources Corporation	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
	2002	264,892	183,140	13,030	0	35,985	0	16,321
Mark A. Radtke President WPS Energy Services, Inc. and WPS Power Development, Inc.	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
	2002	218,885	117,236	0	0	18,852	0	12,025
Daniel J. Verbanac Chief Operating Officer WPS Energy Services, Inc.	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
	2002	174,400	113,290	0	0	12,454	0	11,411
Joseph P. O'Leary Senior Vice President and Chief Financial Officer WPS Resources Corporation	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
	2002	232,400	110,264	0	0	17,781	0	2,065

- (1) In addition to base compensation, these amounts include elective deferred compensation invested in various investment options for each individual.
- (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, 2004, the closing price of WPS Resources common stock was \$49.46. 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 2005, have a value of \$1,950,139 for Larry L. Weyers, \$668,515 for Phillip M. Mikulsky, \$371,553 for Mark A. Radtke, \$261,091 for Daniel J. Verbanac and \$368,855 for Joseph P. O'Leary.

(4) All other compensation reported in column (i) above is:

Name and Title	Year	Contributions to Employee Stock Ownership Plan (\$)	Deferred Compensation Contribution for ESOP Restoration Benefit (\$)	Life Insurance Premiums (\$)	Above Market Earnings on Mandatory Deferred Compensation (\$)
Larry L. Weyers	2004	10,899	0	4,350	10,420
Phillip M. Mikulsky	2004	10,886	0	3,000	4,235
Mark A. Radtke	2004	8,071	2,767	2,565	0
Daniel J. Verbanac	2004	10,829	0	2,208	0
Joseph P. O'Leary	2004	5,198	0	2,519	0

Agreements with Named Executive Officers

Individual employment and severance agreements exist with each of the named executive officers. The agreements are intended to retain the services of these officers in the event of a change in control of WPS Resources. Each agreement entitles the officer to a continuation of salary and benefits for a maximum period of three years after a change in control. Each employment and severance agreement also provides a cash termination payment should there be a termination of the officer's employment after a change of control or in anticipation of a change in control. Generally, total termination payments provided are not to exceed the present value of 2.99 times the executive's average annual salary and annual bonuses for the five years immediately preceding a change of control. Certain named executive officers may receive termination payments, plus a tax gross up payment exceeding 2.99 times average annual salary, portions of which WPS Resources may not be able to deduct for income tax purposes. The termination payments replace all other severance payments to which the executive may be entitled under current severance agreements.

Option Grants to Named Executive Officers in Last Fiscal Year

Individual Grants					
Name	Number of securities underlying options/SARs granted	Percent of total options/SARs granted to employees in fiscal year	Exercise or base price (\$/Sh)	Expiration date	Grant date present value \$
(a)	(b)	(c)	(d)	(e)	(f)
Larry L. Weyers	111,607	34.73%	\$48.11	12/08/14	629,463
Phillip M. Mikulsky	37,388	11.64%	\$48.11	12/08/14	210,868
Mark A. Radtke	21,629	6.73%	\$48.11	12/08/14	121,988
Daniel J. Verbanac	15,313	4.77%	\$48.11	12/08/14	86,365
Joseph P. O'Leary	23,304	7.25%	\$48.11	12/08/14	131,435

All options reported above will vest at a rate of 25 percent per year beginning December 8, 2005 and ending December 8, 2008. The year-end closing price of WPS Resources stock was \$49.96. There were no stock appreciation rights granted to any employee in 2004.

The grant date present value in column (f) above is based on option values of \$5.64 per option granted on December 8, 2004. This value was calculated using the standard binomial model. For purposes of determining the value of these options, the following assumptions were made:

Option Value	\$5.64
Annual dividend yield	5.19%
Volatility	15.44%
Risk free rate of return	4.40%
Time of exercise	10 years

The annual dividend yield assumption was based on actual dividends and stock prices of WPS Resources common stock over the prior 36-month period to determine an annualized 12-month yield. The risk free rate of return equals the interest rate on 10-year treasuries on the grant date. Due to the lack of experience with the plan, the time of exercise was assumed to be the maximum exercise period of the options. Expected volatility is based on the monthly price of WPS Resources common stock over the three years prior to the grant date.

Aggregated Options Exercised in Last Fiscal Year by Named Executive Officers and FY-End Option Values of Named Executive Officers

			Number of securities underlying unexercised options/SARs at fiscal year end (#)	Value of unexercised in-the-money options/SARs at fiscal year end⁽¹⁾ (\$)
Name (a)	Shares acquired on exercise (#) (b)	Value Realized (\$) (c)	Exercisable/Unexercisable (d)	Exercisable/Unexercisable (e)
Larry L. Weyers	0	0	213,195 / 255,410	2,884,329 / 1,522,834
Phillip M. Mikulsky	0	0	70,990 / 87,269	957,655 / 535,535
Mark A. Radtke	5,500	100,106	36,452 / 48,359	527,164 / 282,653
Daniel J. Verbanac	4,500	64,978	20,103 / 34,674	255,606 / 204,153
Joseph P. O'Leary	0	0	34,680 / 52,371	467,318 / 330,571

(1) Amounts represent the excess fair market value of the underlying stock at year-end and the exercise price of each option. The year-end stock price was \$49.96.

Performance Share (Long-Term Incentive Plan) Awards to Named Executive Officers

Long-Term Incentive Plans – Awards in Last Fiscal Year					
Name (a)	Number of shares, units or other rights (#) (b)	Performance or other period until maturation or payout (c)	Estimated future payouts under non-stock price-based plans		
			Threshold (\$ or #) (d)	Target (\$ or #) (e)	Maximum (\$ or #) (f)
Larry L. Weyers	12,991	3 Years	-	-	-
Phillip M. Mikulsky	4,352	3 Years	-	-	-
Mark A. Radtke	2,518	3 Years	-	-	-
Daniel J. Verbanac	1,782	3 Years	-	-	-
Joseph P. O'Leary	2,713	3 Years	-	-	-

Performance shares are part of the WPS Resources 2001 Omnibus Incentive Compensation Plan. The program sets performance goals, based on total shareholder return, at the start of each three-year period. Comparison of WPS Resources' total shareholder return with the shareholder return of a peer group of major publicly traded energy companies, for the three-year period, determines if the performance share awards are ultimately issued, and if so, how many. The number of performance shares initially awarded individuals is based on market levels of incentive compensation and competitiveness of the total compensation package. Award levels are targeted to meet the median of the range of similar awards paid by comparable companies.

Pension Plans

The tables below show the lump sum retirement benefit payable to a covered participant for specified salary levels and years of service under the provisions of the Wisconsin Public Service Corporation Retirement Plan and the WPS Resources Corporation Pension Restoration and Supplemental Retirement Plan in effect January 1, 2005, assuming termination of employment on December 31, 2004:

Pension Plan Table
Lump Sum Retirement Benefits ⁽¹⁾ at
January 1, 2005
For Years of Service Indicated
(for hires prior to January 1, 2001)

<u>Final Average Pay⁽²⁾</u>	<u>15 Years</u>	<u>20 Years</u>	<u>25 Years</u>	<u>30 Years</u>	<u>35 Years</u>
\$ 300,000	\$ 761,850	\$ 962,100	\$1,200,000	\$1,425,000	\$1,650,000
350,000	888,825	1,122,450	1,400,000	1,662,500	1,925,000
400,000	1,015,800	1,282,800	1,600,000	1,900,000	2,200,000
450,000	1,142,775	1,443,150	1,800,000	2,137,500	2,475,000
500,000	1,269,750	1,603,500	2,000,000	2,375,000	2,750,000
550,000	1,396,725	1,763,850	2,200,000	2,612,500	3,025,000
600,000	1,523,700	1,924,200	2,400,000	2,850,000	3,300,000
650,000	1,650,675	2,084,550	2,600,000	3,087,500	3,575,000
700,000	1,777,650	2,244,900	2,800,000	3,325,000	3,850,000
750,000	1,904,625	2,405,250	3,000,000	3,562,500	4,125,000
800,000	2,031,600	2,565,600	3,200,000	3,800,000	4,400,000
850,000	2,158,575	2,725,950	3,400,000	4,037,500	4,675,000
900,000	2,285,550	2,886,300	3,600,000	4,275,000	4,950,000
950,000	2,412,525	3,046,650	3,800,000	4,512,500	5,225,000
1,000,000	2,539,500	3,207,000	4,000,000	4,750,000	5,500,000
1,050,000	2,666,475	3,367,350	4,200,000	4,987,500	5,775,000
1,100,000	2,793,450	3,527,700	4,400,000	5,225,000	6,050,000
1,150,000	2,920,425	3,688,050	4,600,000	5,462,500	6,325,000
1,200,000	3,047,400	3,848,400	4,800,000	5,700,000	6,600,000

- (1) The Pension Plan provides a lump sum benefit, which may be converted into an actuarially equivalent annuity with monthly payments. The benefit is not subject to any deduction for Social Security or other offset.
- (2) "Final Average Pay" is the average of the last 60 months or the 5 highest calendar years' compensation within the 10-year period immediately preceding the participant's termination of employment, whichever is greater.

**Pension Plan Table
Lump Sum Retirement Benefits⁽¹⁾ at
January 1, 2005
For Years of Service Indicated
(for hires after December 31, 2000)**

<u>Final Average Pay⁽²⁾</u>	<u>15 Years</u>	<u>20 Years</u>	<u>25 Years</u>	<u>30 Years</u>	<u>35 Years</u>
\$350,000	\$507,500	\$700,000	\$ 927,500	\$1,155,000	\$1,382,500
400,000	580,000	800,000	1,060,000	1,320,000	1,580,000
450,000	652,500	900,000	1,192,500	1,485,000	1,777,500

- (1) The pension plan provides a lump sum benefit, which may be converted into an actuarially equivalent annuity with monthly payments. The benefit is not subject to any deduction for Social Security or other offset.
- (2) "Final Average Pay" is the average of the last 60 months or the 5 highest calendar years' compensation within the 10-year period immediately proceeding the participant's termination of employment, whichever is greater.

Named executive officers' compensation for pension purposes differs from annual compensation reported in the Executive Compensation Summary Compensation Table. Pension compensation for the named executive officers is:

Name	2004 Pension Compensation	Years of Service
Larry L. Weyers	\$989,966	19
Phillip M. Mikulsky	435,533	33
Mark A. Radtke	403,608	21
Daniel J. Verbanac	373,650	20
Joseph P. O'Leary	357,889	3

Annual benefits payable from the pension plan were subject to a maximum limitation of \$165,000 for 2004 under the Internal Revenue Code. The amount of compensation considered for purposes of the pension benefit was limited to \$205,000 for 2004 under the Internal Revenue Code. The pension restoration plan provides additional pension benefits for pension restoration plan participants to compensate for any loss of benefit payable under the pension plan caused by the maximum benefit limitation, compensation limitation or any salary deferral under the WPS Resources Corporation Deferred Compensation Plan. Retirement benefits presented in the pension plan tables include the pension restoration benefit.

The WPS Resources Corporation Pension Restoration and Supplemental Retirement Plan provides supplemental monthly payments to its participants. Certain executive officers, including the Chief Executive Officer and each of the other named executive officers, participate in the supplemental retirement plan. Retirement benefits presented in the pension plan tables do not include benefits under the supplemental retirement plan.

Benefits under the supplemental retirement plan are payable if the participant retires or terminates employment after reaching age 55 and completing at least 10 years of credited service or 5 years in the event of termination following a change in control. An eligible participant with 15 or more years of credited service will receive a monthly benefit equal to 60 percent of the participant's "Final Average Earnings," reduced by the monthly pension plan benefit and restoration plan benefit to which the participant is entitled or would be entitled had the participant elected an annuity form of payment. "Final

Average Earnings” mean 1/36th of the base compensation and annual bonus paid to the participant during the month in which the participant’s employment is terminated and the immediately preceding 35 months, or during the 3 calendar years immediately preceding the calendar year in which the participant’s employment is terminated. If the participant has fewer than 15 years of credited service, the 60 percent target benefit percentage is reduced by 4 percent for each year by which the participant’s years of credited service is less than 15 years.

Estimated annual benefits to be received by each of the named executive officers under the supplemental retirement plan based on current employment status are as follows:

Named Executive Officers	Estimated Annual Benefits
Larry L. Weyers	\$362,799
Phillip M. Mikulsky	121,224
Mark A. Radtke	188,914
Daniel J. Verbanac	195,383
Joseph P. O’Leary	0

COMPENSATION COMMITTEE REPORT¹

The compensation committee of the board of directors establishes and administers the executive compensation programs of WPS Resources and its subsidiaries. The committee consists of three independent members of the board of directors. The committee seeks to provide competitive levels of total compensation for WPS Resources' executives through a mix of base salary, annual short-term incentive pay, long-term incentives and other benefits. The committee believes that incentive pay "at risk compensation" is a key ingredient in motivating executive performance to maximize stockholder value and align executive performance with company objectives and stockholder interests.

The compensation programs are further designed to:

- Establish a connection between executive compensation and shareholder value, customer satisfaction and employer responsibility;
- Attract, retain, motivate and develop a highly competent executive staff; and
- Achieve a balance between fixed and variable pay, as well as between short-term and long-term incentives.

The committee continues to emphasize the importance of linking executive and shareholder interests by defining stock ownership guidelines for executives to further establish that link. The current target level for ownership of WPS Resources common stock by the Chief Executive Officer is three times base salary. The target level for all Presidents and Senior Vice Presidents is two times base salary. The target level for Vice Presidents is one times base salary and for Assistant Vice Presidents and other officers the target is one-half of base salary. All employees subject to the guidelines are expected to achieve the ownership target within five years from the date on which the employee became subject to the guidelines. Common stock beneficially held in an executive's employee stock ownership plan account, any other beneficially owned common stock, including that earned through incentive plan awards, and common stock equivalents earned through non-qualified deferred compensation programs are included in determining compliance with these guidelines. Shares that executives have the right to acquire through the exercise of stock options or performance shares for which incentive targets have not yet been met are not included in the calculation of stock ownership for guideline purposes until the options are exercised or attainment of the incentive targets are certified by the board of directors.

The executive compensation program consists of:

- Annual base salary;
- Annual short-term incentive compensation; and
- Long-term incentives, consisting of stock options and performance share awards.

Pay levels are based on an analysis of the practices of comparable companies, conducted by a nationally recognized compensation consulting firm. The companies used in this analysis vary by component of pay, and are not the same as the peer companies used in the total shareholder return analysis used to set final performance share awards. Base salaries are determined based on the median of practices at energy industry companies.

Short-term and long-term incentive pay award levels are targeted at market median based on a blend of similarly sized energy services companies and general industry companies. Award ranges, as well as individual award levels, are established based on responsibility level and market competitiveness. Incentive compensation has been provided pursuant to the 2001 Omnibus Incentive Compensation Plan, which was approved by shareholders at the 2001 annual shareholders meeting.

The committee reserves the right to revise compensation levels after considering qualitative and quantitative facts and circumstances surrounding actual or projected financial results, as well as its view of the appropriate balance between base salary, annual incentive and long-term incentive programs.

Base Salary

In 2004, the named executive officers (other than the Chief Executive Officer) received average base salary increases of 8.1%, based on competitive median market data. The committee, based on recommendation of the Chief Executive Officer and its evaluation of the market data previously referenced and the performance of the incumbents, granted these increases. Taking into account these increases, base salary levels for the named executive officers are generally at the median of the market comparison companies.

Short-Term Incentive Compensation

For utility operations, short-term incentive compensation is targeted to the median of equally blended energy services and general industry data of similarly sized companies. For the non-utility businesses, short-term incentive compensation targets are determined by analyzing median competitive compensation data for similar positions and individual performance. The committee bases each participant's incentive on the attainment of some or all of the following performance goals:

Operation Goals:

- Customer satisfaction – compared to competitors,
- System reliability – electric system outages and gas system responsiveness,
- Safety – the number and severity of accidents,
- Rate levels – a comparison of rates relative to competitors,
- Employee diversity.

Financial Goals:

- Net income.

For the Chief Executive Officer and most executives, the operation goals were weighted at 25 percent and the financial goals were weighted at 75 percent. The board of directors believes it is important to establish performance targets and incentives that align executive compensation with long-term performance, promote value driven decision-making by executives and provide total compensation levels that are competitive in the market.

The named executive officers (other than the Chief Executive Officer) received incentives that were above target for 2004, based on corporate performance above target for nine out of twelve measures within the five operational goals and on net income. As a result, actual total cash compensation levels were above target, as previously defined.

Long-Term Incentive Compensation

In 2004, 50 percent of each executive's long-term incentive compensation was provided through stock options and 50 percent was provided through performance share awards. Performance share awards are based on total shareholder return of WPS Resources common stock compared to the return on common stock of other energy services companies approved by the committee.

All option grants have strike prices equal to the fair market value of a share of WPS Resources common stock on the date the options are granted. One quarter of the options granted vest each year

on the grant anniversary date. All options have a ten-year term from the date of the grant. The committee determined the sizes of the option grants after considering competitive median market data and individual performance.

Performance shares awarded are based on total shareholder return over a three-year period. At the end of the three-year period, the committee makes a relative comparison of WPS Resources' total shareholder return to the shareholder return on common stock of a long-term incentive peer group (made up of major publicly traded energy companies) approved by the committee for the three-year period, and determines the number (if any) of performance share awards to issue. The number of shares awarded individuals within the plan (at target) is based on market median levels of incentive compensation, competitiveness of the total compensation package and individual performance. A new three-year performance period starts annually.

For the performance period ending on December 31, 2004, WPS Resources performed at the 79th percentile relative to the peer group, and participants (including the named executive officers) earned 172.5% of their target award under the terms of the plan.

Chief Executive Officer Compensation and Evaluation

Chief Executive Officer, Mr. Weyers' annual base salary was \$600,000 for 2004. Based on the committee's determination after reviewing the energy industry market data referenced previously, as well as assessing the success of WPS Resources at meeting its financial and strategic objectives during 2004, in December 2004, Mr. Weyers was awarded an increase in his base salary to \$625,000. After this increase, Mr. Weyers' base salary is at the median of the peer group. Annual and long-term incentives are targeted to the median of equally blended energy services data and general industry data of similar size companies as provided by the nationally recognized compensation consulting firm. Based on WPS Resources exceeding its net income target, Mr. Weyers received an incentive that was above the targeted level. As such, his total cash compensation was above the median of the peer group.

In December 2004, Mr. Weyers received 111,607 stock options and 12,991 performance share targeted awards, which were at the median level based on the long-term incentive peer group competitive market data. The size of Mr. Weyers' stock option and performance share grants were determined based on the committee's assessment of competitive median market data, Mr. Weyers' individual performance and company performance as a whole. For the performance share cycle from 2002-2004, he was granted a target of 12,656 performance shares. Based on WPS Resources total shareholder return for the 2002-2004 period which ranked at the 79th percentile of all major energy service companies in the long-term incentive peer group. Mr. Weyers received 21,832 shares at the end of this performance cycle.

Policy on Deductibility of Compensation

Section 162(m) of the Internal Revenue Code limits the tax deduction for compensation paid to the Chief Executive Officer or other named executive officers to \$1,000,000 unless certain requirements are met. Those requirements are:

- The committee consists entirely of outside directors;
- Compensation in excess of \$1,000,000 must be based upon the attainment of performance goals approved by shareholders; and
- The committee must certify the attainment of the applicable performance goals.

The committee intends to meet these requirements for compensation that may be paid in excess of \$1,000,000; however, it may in appropriate cases make payments even if the compensation is nondeductible under Section 162(m). The committee does consist entirely of outside directors, the shareholders did approve the 2001 Omnibus Incentive Compensation Plan (under which short-term and long-term incentives are provided) at the 2001 annual meeting, and the committee will certify the attainment of the applicable performance goals to allow WPS Resources to comply with Internal Revenue Code requirements to deduct compensation in excess of \$1,000,000.

Kathryn M. Hasselblad-Pascale - Chairperson
Robert C. Gallagher
John C. Meng

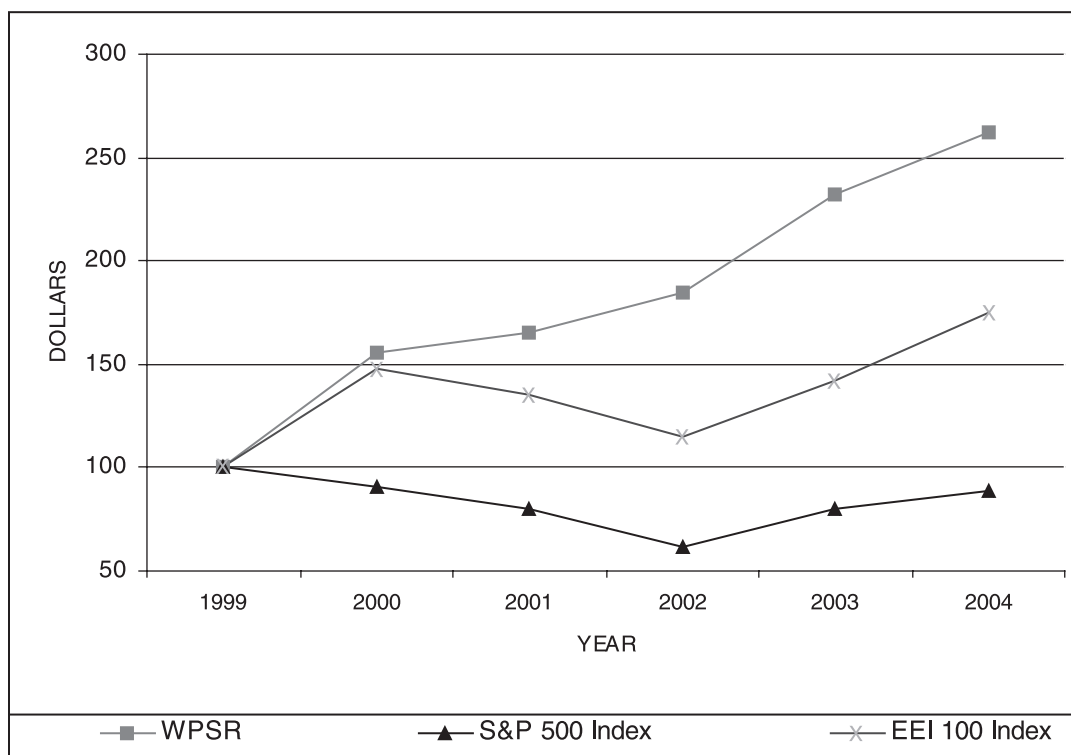
¹ This report is not to be deemed "soliciting material" or deemed to be filed with the Securities and Exchange Commission or subject to Regulation 14A of the 1934 Act, except to the extent specifically requested by WPS Resources or incorporated by reference in documents otherwise filed.

COMPARATIVE FIVE-YEAR INVESTMENT PERFORMANCE GRAPH¹

The following graph presents a five-year comparison of:

- WPS Resources' common stock cumulative total return,
- Standard & Poor's ("S&P") 500 Index and
- Edison Electric Institute ("EEI") 100 Index for the last five fiscal years.

Comparison of Five-Year Cumulative Total Return²



	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
WPS Resources	100	156	165	185	232	262
S&P 500 Index	100	91	80	62	80	89
EEI 100 Index	100	148	135	115	142	175

Assumes \$100 invested on December 31, 1999 in WPS Resources Common Stock, S&P 500 Index and EEI 100 Index.

¹ This performance graph is not to be deemed "soliciting material" or deemed to be filed with the Securities and Exchange Commission or subject to Regulation 14A of the 1934 Act, except to the extent specifically requested by WPS Resources or incorporated by reference in documents otherwise filed.

² Total return assumes reinvestment of dividends.

AUDIT COMMITTEE REPORT¹

The audit committee reviewed and discussed with management the audited financial statements of WPS Resources including disclosures under “Management Discussion and Analysis of Financial Condition and Results of Operation” as of and for the year ended December 31, 2004. In addition, we have discussed with Deloitte & Touche LLP, the independent registered public accounting firm for WPS Resources, the matters required by auditing standards of the Public Company Accounting Oversight Board and Rule 2-07, “Communication with Audit Committees” of Regulation S-X. The audit committee also reviewed and discussed with management and Deloitte & Touche the assessment and audit of internal control over financial reporting.

The audit committee also received the written disclosures and letter from Deloitte & Touche LLP required by Independence Standards Board Standard No. 1 and discussed the firm’s independence with respect to WPS Resources. We have also discussed with management of WPS Resources and Deloitte & Touche such other matters and received such assurances from them, as we deemed appropriate.

Based on the foregoing review and discussions and relying thereon, we have recommended to the WPS Resources’ board of directors the inclusion of the audited financial statements in the WPS Resources’ annual report for the year ended December 31, 2004, on Form 10-K.

Audit Committee

Richard A. Bemis - Chairman
Albert J. Budney, Jr.
Ellen Carnahan
William F. Protz, Jr.

¹ This report is not to be deemed “soliciting material” or deemed to be filed with the Securities and Exchange Commission or subject to Regulation 14A of the 1934 Act, except to the extent specifically requested by WPS Resources or incorporated by reference in documents otherwise filed.

OTHER BUSINESS

At the time this proxy statement went to press, no shareholder submitted a proposal meeting the requirements of the Securities and Exchange Commission for inclusion in this proxy or for consideration at our May 19, 2005, annual meeting. If any other matters are properly presented at the annual meeting, the persons named as proxies will vote upon them in accordance with their best judgment.

Our officers, directors and employees may solicit proxies by correspondence, telephone, electronic communications, or in person, but without extra compensation. Banks, brokers, nominees and other fiduciaries may be reimbursed for reasonable charges and expenses incurred in forwarding the proxy soliciting material to and receiving proxies from beneficial owners.

ANNUAL REPORTS

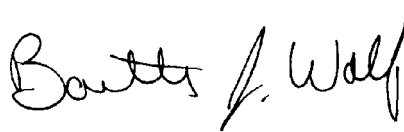
Our 2004 annual report (including financial statements and the report of our independent registered public accounting firm, Deloitte & Touche LLP) is enclosed with this proxy statement. As allowed under Securities and Exchange Commission rules, WPS Resources is delivering only one copy of the 2004 annual report and this proxy statement to multiple shareholders sharing an address unless it has received contrary instructions from one or more of the shareholders. Upon written or oral request, WPS Resources will promptly deliver a separate copy of the 2004 annual report and/or this proxy statement to any shareholder at a shared address to which a single copy of the document was delivered. If you are a shareholder and would like to request an additional copy of the 2004 annual report and/or this proxy statement now or with respect to future mailings (or to request to receive only one copy of the annual report and proxy statement if you are currently receiving multiple copies), please call (920) 433-1727 or write to WPS Resources Corporation, Attention: Barth J. Wolf, Secretary and Manager - Legal Services, P.O. Box 19001, Green Bay, Wisconsin 54307-9001.

An annual report is filed with the Securities and Exchange Commission on Form 10-K. If you are a shareholder and would like to receive a copy of our 2004 Form 10-K, without exhibits, please write to Barth J. Wolf, Secretary and Manager - Legal Services, P. O. Box 19001, Green Bay, Wisconsin 54307-9001.

FUTURE SHAREHOLDER PROPOSALS

Under Rule 14a-8 of the Securities Exchange Act of 1934 shareholder proposals for WPS Resources' 2006 annual meeting of shareholders must be received no later than December 9, 2005, to be included in the 2006 proxy statement. WPS Resources By-laws allow additional shareholder proposals for the 2006 annual meeting to be accepted between January 28, 2006, and February 22, 2006. However, proposals received in this time frame may not be included in the proxy statement sent to shareholders. In addition, shareholder proposals received outside of this window will be submitted to shareholder vote at the sole discretion of WPS Resources. If WPS Resources chooses to present such proposal at the 2006 annual meeting, the persons named in proxies solicited by the board of directors of WPS Resources for its 2006 annual meeting of shareholders may exercise discretionary voting power with respect to any such proposal. Shareholder proposals received after February 22, 2006, will not be considered for submission to shareholders. 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.

WPS RESOURCES CORPORATION



BARTH J. WOLF
Secretary and Manager - Legal Services

