

WPS RESOURCES CORP  
 Form 424B5  
 November 27, 2006  
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The information in this prospectus supplement and the accompanying prospectus is not complete and may be changed. This prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any state where the offer and sale is not permitted.

Filed Pursuant to Rule 424(b)(5)

Registration No. 333-133194

**PROSPECTUS SUPPLEMENT**

(To Prospectus Dated April 11, 2006,

As Amended November 27, 2006)

**\$300,000,000**

**WPS RESOURCES CORPORATION**

***% Junior Subordinated Notes Due 2066***

The % Junior Subordinated Notes Due 2066 will bear interest at % per year until December , 2016. During this period, we will pay interest on the notes on June and December of each year, beginning June , 2007. Beginning December , 2016, the notes will bear interest at the Three-Month LIBOR Rate plus basis points ( %), reset quarterly, payable on March , June , September and December of each year, beginning March , 2017. The notes will be issued in registered form and in denominations of \$1,000 and integral multiples thereof. The notes will mature on December , 2066.

We may defer interest payments on the securities on one or more occasions for up to 10 consecutive years as described in this prospectus supplement. Deferred interest payments will accrue additional interest at a rate equal to the interest rate then applicable to the notes, compounded on each interest payment date, to the extent permitted by law.

We may redeem the notes at our option at the times and the prices described in this prospectus supplement.

We do not intend to make application to list the notes on any national securities exchange or to include them in any automated quotation system.

See **Risk Factors** beginning on page S-8 for a discussion of certain risk factors that prospective investors should consider before investing in our notes.

	Per Junior	
	Subordinated Note	Total
Price to Public(1)	%	\$
Underwriting Discount	%	\$
Proceeds to Us (before expenses)	%	\$

(1) Plus accrued interest, if any, from the date the securities are originally issued, if settlement occurs after that date.

The notes are expected to be delivered in book-entry only form through the facilities of The Depository Trust Company, on or about December , 2006.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.**

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*Joint Book-Running Managers*

**JPMorgan**

**Banc of America Securities  
LLC**

*Sole Structuring Agent*

*Co-Managers*

**Citigroup**

Subject to Completion November 27, 2006

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## **Important Notice about Information in this Prospectus Supplement and the Accompanying Prospectus**

You should rely only on the information contained in this prospectus supplement, the accompanying prospectus and the documents we have incorporated by reference. We have not authorized anyone to provide you with different information. We are not making an offer of the notes in any state which does not permit their offer or sale. You should not assume that the information provided in this prospectus supplement or the accompanying prospectus, or the information we have previously filed with the Securities and Exchange Commission that we incorporate by reference, is accurate as of any date other than the date thereof. If information in this prospectus supplement updates information in the accompanying prospectus, this prospectus supplement will apply and will

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supersede that information in the prospectus. For purposes of this prospectus supplement and the accompanying prospectus, unless the context otherwise indicates, when we refer to us, we, our, ours, or the company we are describing WPS Resources Corporation, including, as appropriate, its subsidiaries.

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## Summary

*This summary provides an overview of the company and its subsidiaries and certain key aspects of the offering. This summary is not complete and does not contain all of the information you should consider before purchasing our notes. Before purchasing our notes, you should read carefully all of the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus, including the Risk Factors section.*

### The Company

WPS Resources (NYSE: WPS) is a holding company, based in Green Bay, Wisconsin, incorporated in Wisconsin on December 3, 1993. Our principal subsidiary is Wisconsin Public Service Corporation (sometimes referred to as WPSC), a regulated electric and natural gas utility that generates and distributes energy in northeastern Wisconsin and an adjacent portion of Michigan's Upper Peninsula. Our other major subsidiaries include:

Upper Peninsula Power Company, a regulated electric utility operating in Michigan's Upper Peninsula.

Michigan Gas Utilities Corporation, a regulated gas distribution utility operating in the southern portion of Michigan's Lower Peninsula.

Minnesota Energy Resources Corporation, a regulated gas distribution utility operating in certain areas throughout Minnesota.

WPS Energy Services, Inc., a non-regulated subsidiary that provides energy and related products and services in the non-regulated energy market in the Midwest and Northeast United States, Texas, and portions of Canada adjacent to the markets WPS Energy Services serves in the United States. WPS Energy Services, through a subsidiary, develops, owns and operates non-regulated electric generation facilities and steam production facilities in various locations in the United States and New Brunswick, Canada, as well as a portion of a synthetic fuel processing facility.

#### **WPS Resources Corporation**

P.O. Box 19001

Green Bay, Wisconsin 54307-9001

(920) 433-1727

### Proposed Merger with Peoples Energy Corporation

On July 8, 2006, we, along with our wholly owned subsidiary, Wedge Acquisition Corp., entered into an agreement and plan of merger with Peoples Energy Corporation, pursuant to which, among other things, our subsidiary will merge with and into Peoples Energy. Following the merger, Peoples Energy will be a wholly-owned subsidiary of WPS Resources. If the merger is completed, Peoples Energy shareholders will receive 0.825 shares of our common stock for each share of Peoples Energy common stock held. Our shareholders will continue to own their existing WPS Resources shares. As a result, upon the consummation of the merger, the former Peoples Energy shareholders will own approximately 42 percent and our shareholders will own approximately 58 percent of the combined company.

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To complete the merger, the shareholders of Peoples Energy must approve the merger agreement and our shareholders must approve the issuance of our shares pursuant to the merger agreement. We must also receive approval from various federal and state regulatory authorities. If the merger is completed, we will change our name to Integrys Energy Group, Inc. (assuming our shareholders approve the name change). Our common stock would continue to be listed on the New York Stock Exchange, under the new symbol TEG .

Peoples Energy is a diversified energy holding company that, through its subsidiaries, engages principally in natural gas utility operations and other diversified energy businesses. Peoples Energy s business operations are segregated into the following segments:

The Gas Distribution business is Peoples Energy s core business. Peoples Energy s two regulated utilities, The Peoples Gas Light and Coke Company and North Shore Gas Company, purchase, store, distribute, sell and transport natural gas.

The Oil and Gas Production business, through Peoples Energy s subsidiary Peoples Energy Production Company, is active in the acquisition, development and production of oil and gas reserves in selected onshore basins in the United States through direct ownership in oil, gas and mineral leases.

The Energy Marketing business provides, through Peoples Energy Services Corporation, gas, electricity and energy management services to industrial, commercial and residential customers regionally within Illinois, Ohio and Michigan. In addition, through Peoples Energy Resources Company, LLC (sometimes referred to as Peoples Energy Resources), it provides wholesale gas transportation, storage and supply services to marketers, utilities, pipelines and gas-fired power generation facilities.

The Energy Assets business, through Peoples Energy Resources, is principally engaged in the development, operation and ownership of an electric generation facility for sales to electric utilities and marketers. The Energy Assets business also owns a propane-based peaking facility and other assets used for providing wholesale gas sales and related services. Peoples Energy announced in February 2006 its intention to exit the power generation business and expects to close on the sale of its remaining power generation assets by the end of 2006.

The Corporate and Other business includes administrative activities that support the other businesses and business development activities that do not fall under the four major business segments identified above. We have filed with the Securities and Exchange Commission a registration statement on Form S-4, which includes a definitive joint proxy statement/prospectus that contains detailed information about the proposed merger, including risk factors related to the merger. Such document is incorporated by reference into this prospectus supplement and the accompanying prospectus. See Summary Where You Can Find More Information on page 5 of the accompanying prospectus for information on how you can obtain a copy of the joint proxy statement/prospectus.

**Table of Contents****Summary Consolidated Financial Information**

Our annual historical information is derived from our audited consolidated financial statements as of and for each of the years in the five-year period ended December 31, 2005. The information as of and for the nine months ended September 30, 2006 and 2005 has been derived from our unaudited interim financial statements and, in the opinion of our management, includes all normal and recurring adjustments that are considered necessary for the fair presentation of the results for such interim periods. The information is only a summary and should be read in conjunction with the consolidated financial statements included in: (1) our current report on Form 8-K dated and filed August 9, 2006 (which updated the financial statements in our 2005 10-K to reflect the impact of discontinued operations) and (2) our quarterly report on Form 10-Q for the period ended September 30, 2006, both of which have been incorporated by reference into this prospectus supplement, as well as other information that has been filed with the Securities and Exchange Commission (sometimes referred to as the SEC). The historical results included below are not necessarily indicative of our future performance.

**WPS Resources Selected Historical Financial Information (amounts in millions, except per share data)**

	As of and for the nine months ended		As of and for the year ended December 31				
	September 30, 2006	September 30, 2005	2005	2004	2003	2002	2001
	(Unaudited)						
Total revenues(1)	\$5,040.9	\$4,496.7	\$6,847.3	\$4,890.6	\$4,321.3	\$1,461.1	\$1,345.4
Income from continuing operations	129.7	137.3	153.0	156.2	110.6	118.5	87.6
Preferred stock dividends of subsidiary	2.3	2.3	3.1	3.1	3.1	3.1	3.1
Income available for common shareholders	134.5	138.0	157.4	139.7	94.7	109.4	77.6
Total assets	6,494.2	5,478.5	5,462.5	4,376.8	4,292.3	3,671.2	3,346.5
Long-term debt and capital lease obligation (excluding current portion)(2)	865.7(3)	869.7	867.1	865.7	871.9	824.4	727.8

(1) Approximately \$1,127 million of the increase in revenue in 2003 compared to 2002 related to WPS Energy Services required adoption of Issue No. 02-03, Issues Involved in Accounting for Derivative Contracts Held for Trading Purposes and Contracts Involved in Energy Trading and Risk Management Activities, effective January 1, 2003.

(2) At December 31, 2001, there was a \$72.1 million long-term capital lease obligation recorded in WPS Resources financial statements related to an agreement with Calpine Corporation to purchase power from Calpine's De Pere Energy Center. The capital lease was extinguished in December 2002 when WPS Resources completed the purchase of the De Pere Energy Center.

(3) Wisconsin Public Service Corporation has agreed to issue \$125 million principal amount of senior debt securities on December 1, 2006 that are not reflected in this table.

**Table of Contents****Ratios of Earnings to Fixed Charges (Unaudited)**

The ratio of earnings to fixed charges for each of the periods indicated are as follows:

	Nine months ended		Year ended December 31				
	September 30,	September 30,	2005	2004	2003	2002	2001
	2006	2005	2005	2004	2003	2002	2001
Ratio of earnings to fixed charges(a)	3.3	3.9	3.7	4.0	3.3	3.4	2.4

(a) In computing the ratios, earnings represent income before interest expense, amortization of debt discount, premium and expense, federal and state income taxes, and the allowance for borrowed funds used during construction and the estimated interest component of rentals. Fixed charges represent interest expense, amortization of debt discount, premium and expense and the estimated interest component of rentals.

**The Offering*****The Junior Subordinated Notes***

We are offering \$300,000,000 aggregate principal amount of our % Junior Subordinated Notes Due 2066 (sometimes referred to as the Junior Subordinated Notes). The Junior Subordinated Notes will mature on December , 2066.

The Junior Subordinated Notes will be issued under our subordinated indenture, dated as of November 13, 2006 between us and U.S. Bank National Association, as Trustee (sometimes referred to as the Trustee), as supplemented by a first supplemental indenture, to be dated as of December , 2006 (together, sometimes referred to as the subordinated indenture). The Junior Subordinated Notes will be represented by one or more global securities that will be deposited with a custodian for and registered in the name of The Depository Trust Company, New York, New York (sometimes referred to as DTC) or its nominee. This means that you will not receive a certificate for your Junior Subordinated Notes but, instead, will hold your interest through DTC's system.

***Interest***

***Fixed Rate Period.*** The Junior Subordinated Notes will bear interest at % per year from the date they are issued up to, but not including, December , 2016 or earlier redemption date (sometimes referred to as the Fixed Rate Period). Subject to our right to defer interest payments as described below, during the Fixed Rate Period interest is payable semi-annually in arrears on June and December of each year, beginning June , 2007.

***Floating Rate Period.*** The Junior Subordinated Notes will bear interest from December , 2016 up to, but not including, the maturity date or earlier redemption date (sometimes referred to as the Floating Rate Period) at the Three-Month LIBOR Rate (as defined below) plus basis points ( %), reset quarterly. Subject to our right to defer interest payments as described below, during the Floating Rate Period interest is payable quarterly in arrears on March , June , September and December of each year, beginning March , 2017.

For a more complete description of interest payable on the Junior Subordinated Notes, see Description of the Junior Subordinated Notes Interest in this prospectus supplement.



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### ***Ranking***

Our payment obligations under the Junior Subordinated Notes will be unsecured and will rank junior and be subordinated in right of payment and upon liquidation to all of our senior indebtedness, whether presently existing or from time to time hereafter incurred, created, assumed or existing, as defined below under Description of the Junior Subordinated Notes Ranking. As of September 30, 2006, our senior indebtedness, on an unconsolidated basis, totaled approximately \$250 million.

As a holding company, our assets primarily consist of the equity securities of our subsidiaries. Therefore, the Junior Subordinated Notes will be effectively subordinated to all indebtedness and other liabilities, including trade payables, debt and preferred stock, incurred or issued by our subsidiaries. In addition to trade liabilities, certain of our operating subsidiaries incur debt in order to finance their business activities. All of this indebtedness will be effectively senior to the Junior Subordinated Notes.

There are no terms in the subordinated indenture or the Junior Subordinated Notes that limit our ability to incur additional senior indebtedness, or that limit our subsidiaries' ability to incur additional liabilities, including debt or preferred stock. We expect from time to time to incur additional indebtedness and other liabilities constituting senior indebtedness that will be senior to the Junior Subordinated Notes.

### ***Record Dates***

So long as the Junior Subordinated Notes remain in book-entry only form registered in the name of DTC or its nominee, the record date for each interest payment date will be the business day immediately preceding the applicable interest payment date.

If the Junior Subordinated Notes are not in book-entry only form registered in the name of DTC or its nominee, the record date for each interest payment date will be the fifteenth calendar day (whether or not a business day) immediately preceding the applicable interest payment date.

### ***Option to Defer Interest Payments***

At our option, we may, on one or more occasions, defer payment of all or part of the current and accrued interest otherwise due on the Junior Subordinated Notes for a period of up to 10 consecutive years (each period, commencing on the date that the first such interest payment would otherwise have been made, sometimes referred to as an Optional Deferral Period). In other words, we may declare at our discretion up to a 10-year interest payment moratorium on the Junior Subordinated Notes and may choose to do that on more than one occasion. A deferral of interest payments may not extend beyond the maturity date of the Junior Subordinated Notes, and we may not begin a new Optional Deferral Period until we have paid all accrued interest on the Junior Subordinated Notes from the previous Optional Deferral Period.

Any deferred interest on the Junior Subordinated Notes will accrue additional interest at a rate equal to the interest rate then applicable to the Junior Subordinated Notes, to the extent permitted by applicable law. Once we pay all deferred interest payments on the Junior Subordinated Notes, including any additional interest accrued on the deferred interest, we can again defer interest payments on the Junior Subordinated Notes as described above, but not beyond the maturity date of the Junior Subordinated Notes.

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We will provide to the Trustee written notice of any optional deferral of interest at least 10 and not more than 60 business days prior to the applicable interest payment date. The subordinated indenture provides that this notice will be forwarded promptly by the Trustee to each holder of record of Junior Subordinated Notes.

### ***Certain Limitations During an Optional Deferral Period***

Unless we have paid all accrued and payable interest on the Junior Subordinated Notes, we will not, and will not permit any of our subsidiaries to, do any of the following, with certain limited exceptions described below under [Description of the Junior Subordinated Notes](#) **Certain Limitations During an Optional Deferral Period** :

declare or pay any dividends or distributions, or redeem, purchase, acquire, or make a liquidation payment on any of the capital stock of WPS Resources Corporation;

make any payment of principal of or interest or premium, if any, on or repay, repurchase or redeem any of our debt securities that rank equally with or junior in interest to the Junior Subordinated Notes; or

make any guarantee payments on any guarantee of debt securities if the guarantee ranks equally with or junior in interest to the Junior Subordinated Notes.

### ***Redemption***

We may redeem the Junior Subordinated Notes before their maturity (i) in whole or in part on one or more occasions any time before December 31, 2016 at a redemption price equal to the greater of 100% of their principal amount or the applicable make-whole amount, plus any accrued and unpaid interest thereon, and (ii) in whole or in part on one or more occasions on or after December 31, 2016 at a redemption price equal to 100% of their principal amount, plus any accrued and unpaid interest thereon. In addition, we may redeem the Junior Subordinated Notes before December 31, 2016 (i) in whole, but not in part, at a redemption price equal to the greater of 100% of their principal amount or the applicable tax event make-whole amount, plus any accrued and unpaid interest thereon, if certain changes in tax laws, regulations or interpretations occur and (ii) in whole or in part on one or more occasions at a redemption price equal to the greater of 100% of their principal amount or the applicable rating agency event make-whole amount, plus any accrued and unpaid interest thereon, if a rating agency makes certain changes in the equity credit criteria for securities such as the Junior Subordinated Notes. For a more complete description of the circumstances under and the redemption prices at which the Junior Subordinated Notes may be redeemed, see [Description of the Junior Subordinated Notes](#) **Redemption**, [Description of the Junior Subordinated Notes](#) **Right to Redeem Upon a Tax Event** and [Description of the Junior Subordinated Notes](#) **Right to Redeem Upon a Rating Agency Event** in this prospectus supplement.

### ***Replacement Capital Covenant***

Around the time of the initial issuance of the Junior Subordinated Notes, we will enter into a replacement capital covenant, as described below under [Description of the Replacement Capital Covenant](#) (sometimes referred to as the Replacement Capital Covenant), in which we will covenant for the benefit of holders of a designated series of our long-term indebtedness that ranks senior to

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the Junior Subordinated Notes that we will not redeem or repurchase the Junior Subordinated Notes on or before December 31, 2036, unless, subject to certain limitations, during the 180 days prior to the date of that redemption or repurchase we have received a specified amount of proceeds from the sale of qualifying securities that have equity-like characteristics that are the same as, or more equity-like than, the applicable characteristics of the Junior Subordinated Notes at the time of redemption or repurchase. The Replacement Capital Covenant is not intended for the benefit of holders of the Junior Subordinated Notes and may not be enforced by them, and the Replacement Capital Covenant is not a term of the subordinated indenture or the Junior Subordinated Notes.

## ***Expected Ratings***

We expect that the Junior Subordinated Notes will be rated A2 and BBB+ by Moody's Investor Services and Standard & Poor's, respectively. Credit ratings are not a recommendation to buy, sell or hold the Junior Subordinated Notes. Each rating may be subject to revision or withdrawal at any time by the assigning rating organization, and should be evaluated independently of any other rating.

## ***U.S. Federal Income Tax Considerations***

In connection with the issuance of the Junior Subordinated Notes, we will receive an opinion from Foley & Lardner LLP that, although the matter is not free from doubt, the Junior Subordinated Notes will be classified as indebtedness for U.S. federal income tax purposes. This opinion is subject to certain customary conditions. See Certain U.S. Federal Income Tax Consequences.

We agree, and by acquiring an interest in a Junior Subordinated Note each beneficial owner of a Junior Subordinated Note will agree, to treat the Junior Subordinated Notes as indebtedness for U.S. federal income tax purposes.

If we elect to defer interest on the Junior Subordinated Notes for one or more Optional Deferral Periods, the beneficial owners of the Junior Subordinated Notes will be required to accrue income for U.S. federal income tax purposes in the amount of the accrued and unpaid interest payments on the Junior Subordinated Notes, in the form of original issue discount, even though cash interest payments are deferred and even though the beneficial owners may be cash-basis taxpayers.

## ***No Listing of Junior Subordinated Notes***

We do not intend to make application to list the Junior Subordinated Notes on any national securities exchange or to include them in any automated quotation system.

## ***Further Issues***

We may, without the consent of the holders, issue additional junior subordinated notes that will constitute one series and be fungible with the Junior Subordinated Notes.

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## Risk Factors

You should carefully consider the following risk factors, as well as the other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus, before making an investment in our Junior Subordinated Notes. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known or that we currently believe to be immaterial may also adversely affect us.

### Risks Related to Our Business

For a discussion of risks to consider respecting the businesses of WPS Resources, see the risk factors sections of our annual report on Form 10-K for the fiscal year ended December 31, 2005, as updated by our quarterly report on Form 10-Q for the quarter ended June 30, 2006 and our current report on Form 8-K dated and filed November 21, 2006, and our other filings with the SEC that are incorporated by reference into this prospectus supplement and the accompanying prospectus.

### Risks Related to Peoples Energy Merger

For a discussion of risks to consider respecting the merger with Peoples Energy Corporation, see the risk factors section of the definitive joint proxy statement/prospectus relating to the proposed merger.

### Risks Related to the Junior Subordinated Notes

***We may elect to defer interest payments on the Junior Subordinated Notes at our option for one or more periods of up to 10 years.***

We may elect at our option to defer payment of all or part of the current and accrued interest otherwise due on the Junior Subordinated Notes for one or more periods of up to 10 consecutive years, as described under Description of the Junior Subordinated Notes Option to Defer Interest Payments in this prospectus supplement.

***We are not permitted to pay current interest on the Junior Subordinated Notes until we have paid all outstanding deferred interest, and this could have the effect of extending interest deferral periods.***

During an Optional Deferral Period, we will be prohibited from paying current interest on the Junior Subordinated Notes until we have paid all accrued and unpaid deferred interest plus any accrued interest thereon. As a result, we may not be able to pay current interest on the Junior Subordinated Notes if we do not have available funds to pay all accrued and unpaid interest plus any accrued interest thereon.

***The Junior Subordinated Notes are effectively subordinated to substantially all of our other debt, including the debt of our subsidiaries.***

Our payment obligations under the Junior Subordinated Notes will rank junior and be subordinated in right of payment and upon liquidation to all of our senior indebtedness, whether presently existing or from time to time hereinafter incurred, created, assumed or existing. This means that we cannot make any payments on the Junior Subordinated Notes if we

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default on a payment of any of our senior indebtedness and do not cure the default within the applicable grace period, or if the maturity of any of our senior indebtedness has been and remains accelerated as a result of a default.

Due to the subordination provisions described below under **Description of the Junior Subordinated Notes Ranking** in this prospectus supplement, in the event we pay or distribute any of our assets to creditors upon any dissolution, winding-up, liquidation or reorganization of us, whether voluntary or involuntary, the holders of our senior indebtedness will be entitled to receive payment in full of the senior indebtedness before the holders of the Junior Subordinated Notes are entitled to receive or retain any payment. Until the senior indebtedness is paid in full, any payment or distribution to which holders of the Junior Subordinated Notes would be entitled but for the subordination provisions of the subordinated indenture will be made to holders of the senior indebtedness. As a result, in the event of our insolvency, our creditors who are holders of our senior indebtedness may recover more, ratably, than the holders of the Junior Subordinated Notes.

As a holding company, our assets primarily consist of the equity securities of our subsidiaries. Therefore, the Junior Subordinated Notes will be effectively subordinated to all indebtedness and other liabilities, including trade payables, debt and preferred stock, incurred or issued by our subsidiaries. In addition to trade liabilities, certain of our operating subsidiaries incur debt in order to finance their business activities. All of this indebtedness will be effectively senior to the Junior Subordinated Notes.

There are no terms in the subordinated indenture or the Junior Subordinated Notes that limit our ability to incur additional senior indebtedness, or that limit our subsidiaries' ability to incur additional liabilities, including debt and preferred stock. We expect from time to time to incur additional indebtedness and other liabilities constituting senior indebtedness that will be senior to the Junior Subordinated Notes.

***We are a holding company and are dependent upon dividends or distributions from our subsidiaries in order to make payments on the Junior Subordinated Notes.***

We are a holding company that conducts substantially all of our operations through our subsidiaries. Therefore, our ability to meet our obligations for payment of interest and principal on outstanding debt obligations and to pay dividends to shareholders and corporate expenses depends upon the earnings and cash flows of our subsidiaries and the ability of our subsidiaries to pay dividends or to advance or repay funds to us.

***Our right to redeem or repurchase the Junior Subordinated Notes is limited by a covenant that we are making in favor of certain other debtholders.***

We have the right to redeem the Junior Subordinated Notes under the circumstances and on the terms specified in this prospectus supplement. However, around the time of the initial issuance of the Junior Subordinated Notes, we will enter into the Replacement Capital Covenant, as described below under **Description of the Replacement Capital Covenant**, that will limit our right to redeem or repurchase Junior Subordinated Notes. In the Replacement Capital Covenant, we will covenant for the benefit of holders of a designated series of our long-term indebtedness that ranks senior to the Junior Subordinated Notes that we will not redeem or repurchase the Junior Subordinated Notes on or before December 31, 2036, unless, subject to certain limitations, during the 180 days prior to the date of that redemption or repurchase we have received a

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specified amount of proceeds from the sale of qualifying securities that have equity-like characteristics that are the same as, or more equity-like than, the applicable characteristics of the Junior Subordinated Notes at the time of redemption or repurchase.

Our ability to raise proceeds from the sale of securities that qualify under the Replacement Capital Covenant during the 180 days prior to a proposed redemption or repurchase will depend on, among other things, market conditions at that time as well as the acceptability to prospective investors of the terms of those securities. Accordingly, there could be circumstances where we would wish to redeem or repurchase some or all of the Junior Subordinated Notes, including as a result of a Tax Event or a Rating Agency Event, and sufficient cash is available for that purpose, but we are restricted from doing so because we have not been able to obtain proceeds from the sale of qualifying securities.

### ***You may have to pay taxes on interest before you receive cash from us.***

If we defer interest payments on the Junior Subordinated Notes, you will be required to accrue interest income for United States federal income tax purposes in respect of your proportionate share of the accrued but unpaid interest on the Junior Subordinated Notes, even if you normally report income when received. As a result, you will be required to include the accrued interest in your gross income for United States federal income tax purposes prior to your receiving any cash distribution. If you sell your Junior Subordinated Notes prior to the record date for the first interest payment after an Optional Deferral Period, you would never receive the cash from us related to the accrued interest that you reported for tax purposes. You should consult with your own tax advisor regarding the tax consequences of an investment in the Junior Subordinated Notes.

For more information regarding the tax consequences of purchasing the Junior Subordinated Notes, see [Certain U.S. Federal Income Tax Considerations](#) in this prospectus supplement.

### ***The after-market price of the Junior Subordinated Notes may be discounted significantly if we defer interest payments.***

If we defer interest payments on the Junior Subordinated Notes, you may be unable to sell your Junior Subordinated Notes at a price that fully reflects the value of any deferred interest amounts. To the extent a trading market develops for the Junior Subordinated Notes, that market may not continue during an Optional Deferral Period, or during periods in which investors perceive that there is a likelihood of an interest deferral, and you may be unable to sell Junior Subordinated Notes at those times, either at a price that reflects the value of the principal and required payments of interest under the Junior Subordinated Notes or at all.

### ***An active after-market for the Junior Subordinated Notes may not develop.***

The Junior Subordinated Notes constitute a new issue of securities with no established trading market. The Junior Subordinated Notes are not listed and we do not intend to make application to list the Junior Subordinated Notes on any national securities exchange or to include them in any automated quotation system. We cannot assure you that an active after-market for the Junior Subordinated Notes will develop or be sustained or that holders of the Junior Subordinated Notes will be able to sell their Junior Subordinated Notes at favorable prices or at all. Although the underwriters have indicated to us that they intend to make a market in the

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Junior Subordinated Notes, as permitted by applicable laws and regulations, they are not obligated to do so and may discontinue any such market-making at any time without notice. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Junior Subordinated Notes.

***Rating agencies may change rating methodologies, including their views on notching practices.***

The rating agencies may, from time to time in the future, change the way they analyze securities with features similar to the Junior Subordinated Notes. This may include, for example, changes to the relationship between ratings assigned to an issuer's senior securities and ratings assigned to securities with features similar to the Junior Subordinated Notes, sometimes called "notching". If the rating agencies change their practices for rating these securities in the future, and the ratings of the Junior Subordinated Notes are subsequently lowered, that could have a negative impact on the trading price of the Junior Subordinated Notes.

***A classification of the Junior Subordinated Notes as common equity by the National Association of Insurance Commissioners may impact U.S. insurance company investors and the value of the Junior Subordinated Notes.***

The Securities Valuation Office (sometimes referred to as the SVO) of the National Association of Insurance Commissioners (sometimes referred to as the NAIC) may from time to time classify securities in U.S. insurers' portfolios as debt, preferred equity or common equity instruments. Under the written guidelines outlined by the SVO, it is not always clear which securities will be classified as debt, preferred equity or common equity, or which features are specifically relevant in making this determination. We are aware that the SVO has classified several fixed income securities, either definitively or preliminarily, as common equity. We cannot assure you that the Junior Subordinated Notes would not be classified as common equity, if reviewed and classified by the SVO. If the SVO were to classify the Junior Subordinated Notes as common equity, the willingness of U.S. insurance investors to hold the Junior Subordinated Notes could be reduced, which in turn could reduce the price of the Junior Subordinated Notes in any available after-market. In September 2006, the NAIC Financial Condition (E) Committee adopted a proposal under which securities such as the Junior Subordinated Notes would be reported as preferred stock for the 2006 reporting year. This proposal remains subject to final review by the NAIC, and there can be no assurance that the NAIC will approve the proposal. As of the date hereof, the SVO has not assigned a classification to the Junior Subordinated Notes, and there can be no assurance of the classification that may be assigned to the Junior Subordinated Notes in the future.

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## Forward-Looking Statements

Except for historical data and statements of current fact, the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus constitutes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Any references to plans, goals, beliefs or expectations in respect to future events and conditions or to estimates are forward-looking statements. Although we believe that statements of our expectations are based on reasonable assumptions, forward-looking statements are inherently uncertain and subject to risks and should be viewed with caution. Actual results or experience could differ materially from the forward-looking statements as a result of many factors.

In addition to statements regarding trends or estimates in Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Form 10-Ks and Form 10-Qs, forward-looking statements included or incorporated in this prospectus supplement include, but are not limited to, statements regarding future:

Revenues or expenses,

Capital expenditure projections, and

Financing sources.

Forward-looking statements involve a number of risks and uncertainties. There are many factors that could cause actual results to differ materially from those expressed or implied in this prospectus supplement. Some risk factors that could cause results different from any forward-looking statement include those included in the risk factors sections of our annual report on Form 10-K for the fiscal year ended December 31, 2005, as updated by our quarterly report on Form 10-Q for the quarter ended June 30, 2006 and our current report on Form 8-K dated and filed November 21, 2006, and of the definitive joint proxy statement/prospectus relating to the proposed merger with Peoples Energy Corporation, and the following:

timely and successful completion of the proposed merger with Peoples Energy Corporation (including receipt of acceptable regulatory approvals, including but not limited to, approvals by the Illinois Commerce Commission, the Federal Energy Regulatory Commission, and the Public Service Commission of Wisconsin, and the ability of WPS Resources and Peoples Energy to satisfy all of the other conditions precedent to the completion of the merger);

unexpected costs or unexpected liabilities related to the Peoples Energy merger, or the effects of purchase accounting that may be different from our expectations;

the successful combination of the operations of WPS Resources and Peoples Energy;

the successful integration of both the Michigan and Minnesota natural gas distribution operations recently acquired by us;

the resolution of pending and future rate cases and negotiations (including the recovery of deferred costs) and other regulatory decisions impacting our regulated businesses, including the rate treatment of synergies related to the proposed merger and the cost to achieve those synergies;



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the impact of recent and future federal and state regulatory changes, including legislative and regulatory initiatives regarding deregulation and restructuring of the electric and gas utility

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industries, changes in environmental, tax and other laws and regulations to which we and our subsidiaries are subject, as well as changes in application of existing laws and regulations;

current and future litigation, regulatory investigations, proceedings or inquiries, including manufactured gas plant site cleanup and pending EPA investigations of WPSC's generation facilities;

the resolution of audits by the Internal Revenue Service and various state revenue agencies;

the effects, extent, and timing of additional competition or regulation in the markets in which our subsidiaries operate;

the impact of fluctuations in commodity prices, interest rates, and customer demand;

available sources and costs of fuels and purchased power;

our ability to control costs;

the investment performance of employee benefit plan assets;

advances in technology;

effects of and changes in political, legal, and economic conditions and developments in the United States and Canada;

the performance of projects undertaken by non-regulated businesses and the success of efforts to invest in and develop new opportunities;

potential business strategies, including acquisitions or dispositions of assets or businesses, which cannot be assured to be completed (such as the proposed Peoples Energy merger, construction of the Weston 4 power plant, and additional investment in American Transmission Company LLC related to construction of the Wausau, Wisconsin, to Duluth, Minnesota, transmission line);

the direct or indirect effects of terrorist incidents, natural disasters, or responses to such events;

financial market conditions and the results of financing efforts, including credit ratings and risks associated with commodity prices (particularly natural gas and electricity), interest rates, and counterparty credit;

the weather and other natural phenomena, in particular the effect of weather on natural gas and electricity sales; and

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the effect of accounting pronouncements issued periodically by standard-setting bodies. Because forward-looking statements are subject to assumptions and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. Shareholders are cautioned not to place undue reliance on such statements included or incorporated by reference in this prospectus supplement and the accompanying prospectus, which speak only as of the date of this prospectus supplement or the date of any document incorporated by reference.

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## Book-Entry Issuance

The Junior Subordinated Notes will trade in book-entry only form through the facilities of DTC. The Junior Subordinated Notes will be represented by one or more global certificates and registered in the name of Cede & Co., DTC's nominee.

The laws of some jurisdictions require that certain purchasers of securities take physical delivery of securities in definitive form. Such laws may impair the ability to transfer beneficial interests in the Junior Subordinated Notes as represented by a global certificate.

For additional information relating to DTC and the book-entry issuance system, see "Description of Debt Securities Book-Entry Securities" in the accompanying prospectus.

## Use of Proceeds

The information in this section supplements the information in the "Use of Proceeds" section beginning on page 7 of the accompanying prospectus. Please read these two sections together.

We will use the net proceeds to reduce short-term debt, fund equity to subsidiary companies and for general corporate purposes. On November 15, 2006, we had approximately \$803.1 million of commercial paper borrowings, which had maturities up to January 12, 2007 and had a weighted average annual interest rate of 5.47%.

## Capitalization

The following table sets forth our capitalization at September 30, 2006. The "Pro Forma" column reflects (a) the issuance of the Junior Subordinated Notes offered by this prospectus supplement and the accompanying prospectus and (b) the issuance by Wisconsin Public Service Corporation of \$125 million principal amount of senior debt securities. You should read the information in this table along with the financial information included or incorporated by reference into this prospectus supplement and the accompanying prospectus.

	Amount	Actual Percent	At September 30, 2006	
			Amount	Pro Forma Percent
(unaudited)				
<b>Capitalization:</b>				
Long-term debt, including current portion	\$ 865.7	34.0%	\$1,290.7	44.5%
Preferred stock of subsidiary with no mandatory redemption	51.1	2.1%	51.1	1.8%
Common stockholders' equity	1,558.8	63.9%	1,558.8	53.7%
<b>Total capitalization</b>	<b>\$2,475.6</b>	<b>100%</b>	<b>\$2,900.6</b>	<b>100%</b>

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## Description of the Junior Subordinated Notes

Specific terms of the % Junior Subordinated Notes Due 2066 are summarized below. This summary is not complete and should be read together with Description of Debt Securities in the accompanying prospectus, where certain provisions of the subordinated indenture have been summarized, and is qualified in its entirety by the terms and provisions of the subordinated indenture.

### Maturity

Unless an earlier redemption has occurred, the entire principal amount of the Junior Subordinated Notes will mature and become due and payable, together with any accrued and unpaid interest, on December , 2066.

### Interest

**Fixed Rate Period.** The Junior Subordinated Notes will bear interest at % per year during the Fixed Rate Period. Subject to our right to defer interest payments as described below, during the Fixed Rate Period interest is payable semi-annually in arrears on June and December of each year, beginning June , 2007. If interest payments are deferred or otherwise not paid during the Fixed Rate Period, they will accrue and compound until paid at the annual rate of %. The amount of interest payable for any semi-annual interest accrual period during the Fixed Rate Period will be computed on the basis of a 360-day year consisting of twelve 30-day months.

**Floating Rate Period.** The Junior Subordinated Notes will bear interest during the Floating Rate Period at the Three-Month LIBOR Rate plus basis points ( %), reset quarterly. Subject to our right to defer interest payments as described below, during the Floating Rate Period interest is payable quarterly in arrears, beginning March , 2017, on March , June , September and December of each year (each, sometimes referred to as a LIBOR Rate Reset Date). If interest payments are deferred or otherwise not paid during the Floating Rate Period, they will accrue and compound until paid at the then prevailing floating rate. The amount of interest payable for any quarterly interest accrual period during the Floating Rate Period will be computed on the basis of the actual number of days elapsed during that quarterly interest period (determined by including the first day of the interest period and excluding the last day) divided by 360.

**General.** In this prospectus supplement, the term interest includes semi-annual interest payments during the Fixed Rate Period, quarterly interest payments during the Floating Rate Period, and applicable interest on interest payments accrued but not paid on the applicable interest payment date.

A business day is any day that is not a Saturday, a Sunday, or a day on which banks in New York City are authorized or obligated by law or executive order to remain closed, or a day on which the Corporate Trust Office of the Trustee is closed for business.

During the Fixed Rate Period, if an interest payment date or a redemption date of the Junior Subordinated Notes falls on a day that is not a business day, the payment of interest and principal will be made on the next succeeding business day, and no interest on such payment will accrue for the period from and after the interest payment date or the redemption date, as applicable.

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During the Floating Rate Period, if any interest payment date, other than a redemption date or the maturity date of the Junior Subordinated Notes, falls on a day that is not a business day, the interest payment date will be postponed to the next day that is a business day, except that if that business day is in the next succeeding calendar month, the interest payment date will be the immediately preceding business day. Also, if a redemption date or the maturity date of the Junior Subordinated Notes falls on a day that is not a business day, the payment of interest and principal will be made on the next succeeding business day, and no interest on such payment will accrue for the period from and after the redemption date or the maturity date, as applicable.

During the Floating Rate Period, if any LIBOR Rate Reset Date falls on a day that is not a business day, the LIBOR Rate Reset Date will be postponed to the next day that is a business day, except that if that business day is in the next succeeding calendar month, the LIBOR Rate Reset Date will be the immediately preceding business day. During the Floating Rate Period, the interest rate in effect on any LIBOR Rate Reset Date will be the applicable interest rate as reset on that date, and the interest rate applicable to any other day will be the interest rate as reset on the immediately preceding LIBOR Rate Reset Date.

So long as the Junior Subordinated Notes remain in book-entry only form registered in the name of DTC or its nominee, the record date for each interest payment date will be the business day immediately preceding the applicable interest payment date.

If the Junior Subordinated Notes are not in book-entry only form registered in the name of DTC or its nominee, the record date for each interest payment date will be the fifteenth calendar day (whether or not a business day) immediately preceding the applicable interest payment date.

***Determining the Floating Rate.*** The Three-Month LIBOR Rate means the rate determined in accordance with the following provisions:

- (1) On the LIBOR Interest Determination Date (as defined below), the Calculation Agent (as defined below) will determine the Three-Month LIBOR Rate which will be the rate for deposits in U.S. dollars having a three-month maturity which appears on the Telerate Page 3750 (as defined below) as of 11:00 a.m., London time, on the LIBOR Interest Determination Date.
- (2) If no rate appears on Telerate Page 3750 on the LIBOR Interest Determination Date, the Calculation Agent will request the principal London offices of four major reference banks in the London Inter-Bank Market to provide it with their offered quotations for deposits in U.S. dollars for the period of three months, commencing on the applicable LIBOR Rate Reset Date, to prime banks in the London Inter-Bank Market at approximately 11:00 a.m., London time, on that LIBOR Interest Determination Date and in a principal amount that is representative for a single transaction in U.S. dollars in that market at that time. If at least two quotations are provided, then the Three-Month LIBOR Rate will be the average (rounded, if necessary, to the nearest one hundredth (0.01) of a percent) of those quotations. If fewer than two quotations are provided, then the Three-Month LIBOR Rate will be the average (rounded, if necessary, to the nearest one hundredth (0.01) of a percent) of the rates quoted at approximately 11:00 a.m., New York City time, on the LIBOR Interest Determination Date by three major banks in New York City selected by the Calculation Agent for loans in U.S. dollars to leading European banks, having a three-month maturity and in a principal amount that is representative for a single transaction in U.S. dollars in that market

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at that time. If the banks selected by the Calculation Agent are not providing quotations in the manner described by this paragraph, the rate for the quarterly interest period following the LIBOR Interest Determination Date will be the rate in effect on that LIBOR Interest Determination Date.

Telerate Page 3750 means the display designated as Telerate page 3750 on Moneyline Telerate, Inc. (or such other page as may replace Telerate page 3750 on such service) or such other service displaying the London Inter-Bank offered rates of major banks, as may replace Moneyline Telerate, Inc.

LIBOR Interest Determination Date means the second LIBOR Business Day (as defined below) preceding each LIBOR Rate Reset Date.

LIBOR Business Day means any business day on which dealings in deposits in U.S. dollars are transacted in the London Inter-Bank market.

Calculation Agent means JPMorgan Chase Bank, N.A., or its successor appointed by us, acting as calculation agent.

**Ranking**

Our payment obligations under the Junior Subordinated Notes will be unsecured and will rank junior and be subordinated in right of payment and upon liquidation to all of our senior indebtedness, whether presently existing or from time to time hereafter incurred, created, assumed or existing.

Senior indebtedness means the principal of, premium, if any, and interest in respect of: