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Ms. Nancy Morris
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Dear Ms. Morris:

File Number 4-511

WPS Resources Corporation respectfully submits these comments for discussion at the May 10, 2006 Section 404 roundtable. We appreciate the opportunity to comment on Section 404. We have a long history of complying with complex federal and state regulatory agencies, therefore given this history, we offer the following suggestions.

1. **External auditors should place more reliance on internal testing of controls and focus their efforts more on evaluating control environments.**

   External auditors are currently testing controls that have already been tested internally by management and/or internal audit, therefore creating redundancies and higher costs to registrants. External auditors should focus more on evaluating the methodology companies have used to form their opinions that company controls are working effectively and on evaluating the company's control environment, as defined by COSO, in order to minimize the occurrence of the recent well know instances of fraudulent financial reporting.

   The control environment sets the tone for the organization and serves as a foundation for internal controls over financial reporting. By understanding and evaluating the company's control environment, the external auditor will have a better understanding of the company than they would by simply doing transactional testing. We encourage the Board to require auditors to use a top-down, risk-based approach in testing and evaluating the control environment rather than duplicating the testing done by management at the transactional level.

2. **Encourage rotational testing of controls by external auditors that have already been tested.**

   The testing of controls every year results in excessive, unnecessary testing. The Board should encourage external auditors to test only the key controls in processes that have significantly changed during the year. Selective rotational testing should be used in low

risk areas as well as areas where strong and effective controls have been historically demonstrated if there have not been any changes to the procedures or controls.

Furthermore, the Board should specify that auditors can rely on testing performed earlier in a year or in prior years, as long as the control tested has not significantly changed. This would encourage auditors to allow testing throughout a year and from year to year, thus spreading out the testing requirements and avoiding year-end spikes in the testing workload.

In addition, a more effective approach would be to require testing be done at some time during the course of the year rather than at year-end. This approach shows investors and management that there is a continuously effective controls system, rather than a point in time snapshot.

3. Review the assessment process required for Information Technology

We recommend the Board re-examine the testing of IT general controls. External audit firms have been conducting excessive testing in general computer controls, making compliance efforts time-consuming and expensive. IT controls rarely result in a material weakness, therefore the burden of significant testing outweighs the benefits. The position the external auditors have taken is that the IT general controls are pervasive and impact all aspects of financial reporting. However, this ignores the mitigating controls that are in place on the financial side to ensure the accuracy and validity of financial statements. The Board should clarify that external auditors put the role of IT general controls in perspective, as a supporting function, with low risk of errors to the financial statements. This would allow for cyclical or rotational testing, narrowing the scope and extent of testing IT general controls, and reducing the evidence required to demonstrate the effectiveness of IT controls.

4. Strengthen and promote reliance on the May 2005 guidance.

External auditors have not modified their approach with the SEC May 2005 guidelines and the implementation of AS 2. We recommend the Board emphasize the May 2005 guidance. Areas that need to be addressed include the following.

1. Integration of internal control audits with audits of financial statements. The redundant testing between year-end closing and financial reporting is very inefficient.

2. Use of a top-down, risk based approach. The level of testing performed for a low risk account should be different than for a high risk account.

3. The audit over internal control should be designed to provide reasonable assurance that no material weakness exists. The 2005 guidance indicates the overall focus of internal control reporting should be on the items that could result in material errors in the financial statements. This guidance needs to be reiterated, as performing tests to find anything less is inefficient.

WPS Resources Corporation appreciates this opportunity to provide comments to the SEC and PCAOB about further improvements to Sarbanes-Oxley Section 404. If you have any questions about these comments, or need additional information, please contact me at 920-433-1453.

Respectfully submitted,

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WPS Resources Corporation