

UNISOURCE ENERGY CORP  
 Form 4  
 October 04, 2006

**FORM 4**

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
**NELSON DENNIS R**

(Last) (First) (Middle)  
**1 S. CHURCH AVENUE, UE183**  
 (Street)

**TUCSON, AZ 85701**

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
**UNISOURCE ENERGY CORP  
 [UNS]**

3. Date of Earliest Transaction (Month/Day/Year)  
**10/04/2006**

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director  10% Owner  
 Officer (give title below)  Other (specify below)  
**Sr Vice President**

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)			
				(A) or (D)	Price					
Common Stock	10/02/2006		M	V	45,000	A	\$ 18.12	45,000	D	
Common Stock	10/02/2006		S		45,000	D	\$ 33.06	0	D	
Common Stock	10/02/2006		M		9,552	A	\$ 17.84	9,552	D	
Common Stock	10/02/2006		S		9,552	D	\$ 33.06	0	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Employee Stock Option	\$ 18.12	10/02/2006		M	45,000	(1) 01/02/2012	Common Stock	45,000	
Employee Stock Option	\$ 17.84	10/02/2006		M	9,552	(2) 05/09/2013	Common Stock	9,552	

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
NELSON DENNIS R 1 S. CHURCH AVENUE UE183 TUCSON, AZ 85701			Sr Vice President	

## Signatures

C. David Lamoreaux, attorney  
in fact  
10/04/2006  
\*\*Signature of Reporting Person Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) The options vested in three equal installments on January 2, 2003, 2004, and 2005
- (2) The options vested in three equal installments on May 9, 2004, 2005, and 2006

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.  
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