

UNISOURCE ENERGY CORP
 Form 4
 March 13, 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

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)
03/09/2006

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

1 S. CHURCH AVENUE, UE183

(Street)

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

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

TUCSON, AZ 85701

(City) (State) (Zip)

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) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
| | | | Code | V | Amount (A) or (D) Price | | |
| Common Stock | 03/09/2006 | | M | | 18,200 A \$ 12.281 | 18,200 | D |
| Common Stock | 03/09/2006 | | S | | 18,200 D \$ 30.21 | 0 | D |
| Common Stock | 03/09/2006 | | M | | 8,400 A \$ 14.437 | 8,400 | D |
| Common Stock | 03/09/2006 | | S | | 8,400 D \$ 30.21 | 0 | D |
| Common Stock | 03/09/2006 | | M | | 8,800 A \$ 15.562 | 8,800 | D |

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| | | | | | | | |
|--------------|------------|---|-------|---|----------|---|---|
| Common Stock | 03/09/2006 | S | 8,800 | D | \$ 30.21 | 0 | D |
| Common Stock | 03/09/2006 | S | 7,996 | D | \$ 30.21 | 0 | D |

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

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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) | Amount or Number of Shares | |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|----------------------------|--|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title | |
| Employee Stock Option (right to buy) | \$ 12.281 | 03/09/2006 | | M | 18,200 | <u>(1)</u> 07/16/2009 | Common Stock | 18,200 | |
| Employee Stock Option (right to buy) | \$ 14.437 | 03/09/2006 | | M | 8,400 | <u>(2)</u> 06/26/2007 | Common Stock | 8,400 | |
| Employee Stock Option (right to buy) | \$ 15.562 | 03/09/2006 | | M | 8,800 | <u>(3)</u> 07/09/2008 | Common Stock | 8,800 | |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---------------------------------------|---------------|-----------|-------------------|-------|
| | Director | 10% Owner | Officer | Other |
| NELSON DENNIS R 1 S. CHURCH AVENUE | | | Sr Vice President | |

UE183
TUCSON, AZ 85701

Signatures

C. David Lamoreaux, Attorney
in Fact

03/13/2006

__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 July 16, 2000, 2001 and 2002.
- (2) The options vested in three equal installments on June 26, 1998, 1999 and 2000.
- (3) The options vested in three equal installments on July 9, 1999, 2000 and 2001.

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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