

Grant Kentton C
Form 4
May 13, 2010

FORM 4

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

OMB APPROVAL

OMB Number: 3235-0287
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

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 *
Grant Kentton C

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)
1 S. CHURCH AVENUE, SUITE
201

3. Date of Earliest Transaction
(Month/Day/Year)
05/12/2010

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

(Street)
TUCSON, AZ 85701

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

(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) | |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|----------------|
| | | | | (A) or (D) | Price | | | |
| Common Stock | 05/12/2010 | | M | V | 200 | \$ 26.18 | 541 | D |
| Common Stock | 05/12/2010 | | M | V | 4,913 | \$ 26.18 | 5,454 | D |
| Common Stock | 05/12/2010 | | S | V | 4,913 | \$ 33.38 | 541 | D |
| Common Stock | | | | | | | 7,413.32 ⁽²⁾ | I |
| | | | | | | | | By 401(k) Plan |

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

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474
(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) | 8. Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|-------------------------------|
| Employee Stock Option (right to buy) | \$ 26.18 | 05/12/2010 | | M | 200 | <u>(1)</u> 02/27/2018 | Common Stock | 200 |
| Employee Stock Option (right to buy) | \$ 26.18 | 05/12/2010 | | M | 4,913 | <u>(1)</u> 02/27/2008 | Common Stock | 4,913 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|----------------|-------|
| | Director | 10% Owner | Officer | Other |
| Grant Kentton C 1 S. CHURCH AVENUE SUITE 201 TUCSON, AZ 85701 | | | Vice President | |

Signatures

Todd C. Hixon, Attorney
in Fact 05/13/2010

__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 vest in 3 equal installments on February 27, 2009, 2010, and 2011.
- (2) The reporting person mistakenly did not include his 401(k) common stock holdings in prior filings reporting transactions in common stock. The reporting person's current 401(k) common stock holdings are included in this Form.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.