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UNISOURCE ENERGY CORP
Form 8-K
December 30, 2004

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

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

DATE OF REPORT
(DATE OF EARLIEST EVENT REPORTED): December 30, 2004

Commission File Number -----	Registrant; State of Incorporation; Address; and Telephone Number -----	IRS Employer Identification Number -----
1-13739	UNISOURCE ENERGY CORPORATION (An Arizona Corporation) One South Church Avenue, Suite 100 Tucson, AZ 85701 (520) 571-4000	86-0786732
1-5924	TUCSON ELECTRIC POWER COMPANY (An Arizona Corporation) One South Church Avenue, Suite 100 Tucson, AZ 85701 (520) 571-4000	86-0062700

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 1.02 TERMINATION OF A MATERIAL DEFINITIVE AGREEMENT

In November 2003, UniSource Energy Corporation (UniSource Energy) entered into an Agreement and Plan of Merger (the Agreement) with Saguaro Acquisition Corp. (Saguaro), an affiliate of Saguaro Utility Group L.P. (Saguaro LP), that

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provided for the acquisition of all of UniSource Energy's outstanding common stock for \$25.25 per share by Saguario. Saguario LP is an Arizona limited partnership whose general partner is Sage Mountain, L.L.C. and whose limited partners include investment funds associated with Kohlberg Kravis Roberts & Co., L.P., J.P. Morgan Partners, LLC and Wachovia Capital Partners.

On December 21, 2004, the Arizona Corporation Commission (ACC) voted, at the end of a special open meeting, to deny the application seeking its approval of the proposed acquisition.

The Agreement provides that in the event that the ACC denies the acquisition, Saguario or UniSource Energy may terminate the Agreement, and UniSource Energy is obligated to reimburse up to \$7 million of Saguario's expenses.

On December 30, 2004, Saguario exercised its right to terminate the Agreement and UniSource Energy paid Saguario \$7 million to cover Saguario's expenses, pursuant to the terms of the Agreement.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits

EXHIBIT NO.	DESCRIPTION
99.1	Letter, dated December 30, 2004, from Saguario to UniSource Energy terminating the Agreement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, each registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: December 30, 2004

UNISOURCE ENERGY CORPORATION

(Registrant)

/s/ Kevin P. Larson

Vice President and Principal
Financial Officer

Date: December 30, 2004

TUCSON ELECTRIC POWER COMPANY

(Registrant)

/s/ Kevin P. Larson

Vice President and Principal
Financial Officer