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UNISOURCE ENERGY CORP
Form 424B3
November 23, 2005

PROSPECTUS SUPPLEMENT NO. 1
(TO PROSPECTUS DATED SEPTEMBER 23, 2005)

FILED PURSUANT TO RULE 424(B)(3)
REGISTRATION NO. 333-126141

UNISOURCE ENERGY CORPORATION

RELATING TO RESALES BY SELLING SECURITYHOLDERS OF

\$150,000,000

4.50% CONVERTIBLE SENIOR NOTES DUE 2035 AND
SHARES OF COMMON STOCK (WITHOUT PAR VALUE) ISSUABLE UPON CONVERSION OF THE NOTES

This prospectus supplement, which supplements UniSource Energy Corporation's (the "Company") prospectus dated September 23, 2005, relates to resales by selling securityholders of \$150,000,000 in aggregate principal amount of the Company's 4.50% Convertible Senior Notes due 2035 and the shares of the Company's common stock issuable upon conversion of the notes. You should read this prospectus supplement in conjunction with the related prospectus, which is to be delivered by selling securityholders to prospective purchasers along with this prospectus supplement.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS SUPPLEMENT OR THE RELATED PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

YOU SHOULD READ AND RELY ONLY ON THE INFORMATION CONTAINED IN THIS PROSPECTUS SUPPLEMENT AND THE RELATED PROSPECTUS, TOGETHER WITH THOSE DOCUMENTS INCORPORATED BY REFERENCE, AS DESCRIBED ON PAGE (iii) OF THE PROSPECTUS UNDER INCORPORATION BY REFERENCE. NEITHER THE COMPANY NOR ANY SELLING SECURITYHOLDER HAS AUTHORIZED ANY OTHER PERSON TO PROVIDE YOU WITH DIFFERENT OR ADDITIONAL INFORMATION. IF ANYONE PROVIDES YOU WITH DIFFERENT OR ADDITIONAL INFORMATION, YOU SHOULD NOT RELY ON IT. THE SELLING SECURITYHOLDERS ARE OFFERING TO SELL, AND ARE SEEKING OFFERS TO BUY, THE SECURITIES ONLY IN JURISDICTIONS WHERE OFFERS AND SALES ARE PERMITTED. NEITHER THIS PROSPECTUS SUPPLEMENT NOR THE RELATED PROSPECTUS CONSTITUTES AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, ANY SECURITIES BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH AN OFFER OR SOLICITATION. YOU SHOULD NOT ASSUME THAT THE INFORMATION CONTAINED IN THIS PROSPECTUS SUPPLEMENT OR THE RELATED PROSPECTUS IS ACCURATE AS OF ANY DATE OTHER THAN THE DATE ON THE FRONT COVER OF THE RESPECTIVE DOCUMENT.

INVESTING IN THE NOTES OR THE SHARES OF THE COMPANY COMMON STOCK ISSUABLE UPON CONVERSION OF THE NOTES INVOLVES RISKS. SEE RISK FACTORS BEGINNING ON PAGE 6 OF THE RELATED PROSPECTUS.

The date of this prospectus supplement is November 23, 2005.

The information set forth in the following table modifies and supplements

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the information set forth in the table appearing under the heading SELLING SECURITYHOLDERS in the related prospectus. The information is based on information provided to the Company by or on behalf of the selling securityholders on or prior to November 16, 2005 and has not been independently verified by the Company. Since the date on which each selling securityholder identified below provided this information, any of these selling securityholders may have sold, transferred or otherwise disposed of all or a portion of its securities in transactions exempt from the registration requirements of the Securities Act or pursuant to the prospectus to which this prospectus supplement relates. The selling securityholders may from time to time offer and sell pursuant to the prospectus or supplements thereto any or all of the securities. Because the selling securityholders are not obligated to sell securities, the Company cannot estimate the amount of the notes or how many shares of common stock that the selling securityholders will hold upon consummation of any such sales.

| SELLING SECURITYHOLDER | PRINCIPAL AMOUNT OF NOTES BENEFICIALLY OWNED THAT MAY BE SOLD (1) | PERCENTAGE OF NOTES OUTSTANDING | NUMBER OF SHARES OF COMMON STOCK THAT MAY BE SOLD (2) |
|--|--|---------------------------------------|--|
| Alexandra Global Master Fund, Ltd. (5) | \$5,000,000 | 3.33 | 133,333 |
| Institutional Benchmark Series (Master Feeder) Limited in respect of Electra Series c/o Quattro Fund (6) | 526,000 | 0.35 | 14,027 |
| Luminus Energy Partners Master Fund, Ltd. (7) | 500,000 | 0.33 | 13,333 |
| McMahan Securities Co., L.P. (8) | 500,000 | 0.33 | 13,333 |
| The Northwestern Mutual Life Insurance Company (9) | 5,000,000 | 3.33 | 133,333 |
| Quattro Fund Ltd. (10) | 9,200,000 | 6.13 | 245,333 |
| Quattro Multistrategy Masterfund LP (11) | 524,000 | 0.35 | 13,973 |
| Sunrise Partners Limited Partnership (12) | 2,500,000 | 1.67 | 66,667 |
| Teachers Insurance and Annuity Association College Retirement Equity Fund (13) | 4,000,000 | 2.67 | 106,667 |
| T. Rowe Price Small Cap Value Fund, Inc. (14) | 10,000,000 | 6.67 | 266,667 |