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UNISOURCE ENERGY CORP  
Form U-3A-2  
February 28, 2003

File No. 69-427  
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File No. 69-293  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM U-3A-2

Statement by Holding Company Claiming Exemption Under Rule  
U-3A-2 from the Provisions of the Public Utility Holding  
Company Act of 1935

To be Filed Annually Prior to March 1

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UNISOURCE ENERGY CORPORATION

hereby files with the Securities and Exchange Commission, pursuant to Rule 2,  
its statement claiming exemption as a holding company from the provisions of the  
Public Utility Holding Company Act of 1935, and

TUCSON ELECTRIC POWER COMPANY

hereby files with the Securities and Exchange Commission, pursuant to Rule 2,  
its statement claiming exemption as a holding company from the provisions of  
the Public Utility Holding Company Act of 1935, and submits the following  
information:

1. Name, State of organization, location and nature of business of claimant[s]  
and every subsidiary thereof, other than any exempt wholesale generator (EWG) or  
foreign utility company in which claimant[s] directly or indirectly holds an  
interest.

UniSource Energy Corporation ("UniSource Energy") was incorporated under  
the laws of the State of Arizona and is a holding company organized to acquire  
and hold the securities of other corporations.

UniSource Energy controls, directly or indirectly, 10% or more of the  
"voting securities" of the following subsidiaries:

I. Tucson Electric Power Company ("TEP") was incorporated under the laws  
of the State of Arizona and is the principal subsidiary of UniSource Energy.

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UniSource Energy owns 99.9% of the voting shares of TEP. TEP was organized as an operating public utility engaged in the generation, purchase, transmission, distribution and sale of electricity to retail customers in the City of Tucson, Arizona, and the surrounding area and to wholesale customers. TEP holds the stock of Escavada Company ("Escavada"), San Carlos Resources Inc. ("San Carlos"), Sierrita Resources Inc. ("SRI"), Tucson Resources Inc. ("TRI") and Tucsonel Inc. ("Tucsonel"), and holds a portion of the stock of Inncom, Inc. ("Inncom") and TruePricing, Inc. ("TruePricing").

A. Escavada was incorporated under the laws of the State of Arizona and is a wholly-owned subsidiary of TEP. Escavada was formed to engage in the business of maintaining miscellaneous assets and property.

B. San Carlos was incorporated under the laws of the State of Arizona and is a wholly-owned subsidiary of TEP. San Carlos holds the title to Unit No. 2 of the Springerville Generating Station, a generating facility in commercial operation located in Apache County, Arizona, and is the lessee, jointly and severally with TEP, of an undivided one-half interest in all facilities and personal property used in common between Unit No. 1 and Unit No. 2 of the Springerville Generating Station. San Carlos is not the operator of Unit No. 2 or any of such common facilities.

C. SRI was incorporated under the laws of the State of Delaware and is a wholly-owned subsidiary of TEP. SRI was formed primarily to invest in financial assets.

1. Santa Cruz Resources Inc. ("Santa Cruz") was incorporated under the laws of the State of Delaware and is a wholly-owned subsidiary of SRI. Santa Cruz held an investment in a financial service company.

D. TRI was incorporated under the laws of the State of Delaware and is a wholly-owned subsidiary of TEP. TRI was formed primarily to invest in financial assets.

1. Sabino Investing Inc. was incorporated under the laws of the State of Delaware and is a wholly-owned subsidiary of TRI. Sabino Investing Inc. holds certain real estate assets.

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E. Tucsonel was incorporated under the laws of the State of Arizona and is a wholly-owned subsidiary of TEP. Tucsonel holds an undivided ownership interest in the Springerville Coal Handling Facilities.

F. Inncom was incorporated under the laws of the State of Delaware and is 17% owned by TEP. Inncom was formed to provide demand-side and energy efficiency services.

G. TruePricing, Inc. ("TruePricing") was incorporated under the laws of the State of Delaware. TEP owns approximately 26.6% of the voting shares of TruePricing. Millennium Energy Holdings, Inc. ("Millennium") owns 20.5% of the voting shares of TruePricing (see Section 1(II)(L) below). TruePricing was formed to develop technology services that provide pricing and other related information to consumers for a wide variety of products, including utility services.

1. TrueSolar Solutions LLC ("TrueSolar") was organized under the laws of the State of California and is a wholly-owned subsidiary of TruePricing. TrueSolar was formed to develop, finance, own and operate electrical generation and related systems and, in connections therewith, to engage in traditional energy development and integration activities, including owning, operating and siting solar and other renewable plants and gas-fired generation assets.

II. Millennium was incorporated under the laws of the State of Arizona and is a wholly-owned subsidiary of UniSource Energy. Millennium holds all of the stock of Advanced Energy Technologies, Inc. ("AET"), MEH Equities Management Company ("MEH Equities"), Millennium Environmental Group, Inc. ("MEG"), Nations Energy Corporation ("Nations Energy"), Southwest Energy Solutions, Inc. ("SES"), SWPP Investment Company ("SWPP Investment") and a portion of the voting stock of MicroSat Systems, Inc. ("MicroSat"), ITN Energy Systems, Inc. ("ITN"), MetroGen Enterprises, L.L.C. ("MetroGen"), TruePricing, Carboelectrica Sabinas, S. de R.L. de C.V. ("Sabinas"), POWERTRUSION International, Inc. ("Powertrusion") and Valley Ventures III, LP ("Valley Ventures").

A. AET was incorporated under the laws of the State of Arizona and

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is a wholly-owned subsidiary of Millennium. AET was formed to develop certain distributed energy projects and renewable energy sources.

1. Ascent Power Systems, Inc. ("Ascent") was incorporated under the laws of the State of Arizona and is 64% owned by AET. Ascent was formed to engage in the research, development and commercialization of solid oxide fuel cells.

2. Global Solar Holdings, L.L.C. ("Global Solar Holdings") was organized under the laws of the State of Arizona and is 66.7% owned by AET. Global Solar Holdings was formed to engage in the manufacture and sale of thin-film photovoltaic modules for distributed energy applications. Global Solar Holdings is in the process of being formally dissolved.

3. Global Solar Energy, Inc. ("Global Solar") was incorporated under the laws of the State of Arizona and is 87% owned by AET. Global Solar was formed to engage in the research, development and commercialization of thin-film photovoltaic material and products, and to perform system integration of large photovoltaic arrays.

a. Global Solar Energy International Holdings ("GS International") was organized under the laws of the Cayman Islands and is a wholly-owned subsidiary of Global Solar. GS International was formed to serve as an investment holding company.

i. Global Solar Energy Technologies ("GS Technologies") was organized under the laws of Mauritius and is a wholly-owned subsidiary of GS International. GS Technologies was formed to serve as an investment holding company.

4. Infinite Power Solutions, Inc. ("IPS") was incorporated under the laws of the State of Arizona and is 77.5% owned by AET. IPS was formed to engage in the research, development and commercialization of thin-film lithium batteries.

5. GES Shared Services, Inc. ("GES Shared") was incorporated under the laws of the State of Arizona and is a wholly-owned subsidiary of AET. GES Shared was formed to provide administrative support (e.g., accounting,

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finance, legal and human resources) to other Millennium subsidiaries.

B. Sabinas was organized under the laws of Mexico and is 50% owned by Millennium. Sabinas was formed to develop up to 800 megawatts of coal-fired generation in the Sabinas region of Coahuila, Mexico.

1. Minerale Monclova S.A. de C.V. ("Mimosa") was organized under the laws of Mexico and is 19.5% owned by Sabinas. Mimosa was formed for the purpose of owning and exploiting coal and gas reserves.

C. MEH Equities was incorporated under the laws of the State of Arizona and is a wholly-owned subsidiary of Millennium. MEH Equities was formed to hold Millennium's interest in Haddington Energy Partners II LP ("Haddington").

1. Haddington was organized under the laws of the State of Delaware and is 31.1% owned by MEH Equities. Haddington was formed to primarily fund energy-related investments.

D. MEG was incorporated under the laws of the State of Arizona and is a wholly-owned subsidiary of Millennium. MEG was formed to engage in the domestic and international purchase, sale and trading of emission allowances and associated commodities.

E. MicroSat was incorporated under the laws of the State of Colorado and is 49% owned by Millennium. MicroSat was formed to research, develop and commercialize microsatellite systems.

F. Nations Energy was incorporated under the laws of the State of Arizona and is a wholly-owned subsidiary of Millennium. Nations Energy was formed to develop and invest in independent power projects in global energy markets, including qualifying facilities, EWGs and foreign utility companies, located in the United States and abroad.

1. Nations Curacao Ltd. ("Nations Curacao") was incorporated under the laws of the Cayman Islands and is a wholly-owned subsidiary of Nations Energy. Nations Curacao was formed to invest in an independent power project located in Curacao. On December 6, 2002, a notice was filed with The Registrar of Companies in the Cayman Islands for a voluntary liquidation. On or about

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March 6, 2003, Nations Curacao will be formally dissolved.

2. Nations Curacao Operating Ltd. ("Nations Curacao Operating") was incorporated under the laws of the Cayman Islands and is a wholly-owned subsidiary of Nations Energy. Nations Curacao Operating was formed to operate or contract with others to operate the independent power project being developed and owned by Nations Energy or subsidiaries thereof. On December 6, 2002, a notice was filed with The Registrar of Companies in the Cayman Islands for a voluntary liquidation. On or about March 6, 2003, Nations Curacao Operating will be formally dissolved.

3. Nations International Ltd. ("Nations International") was incorporated under the laws of the Cayman Islands and is a wholly-owned subsidiary of Nations Energy. Nations International was formed to invest in international independent power projects. Nations International owns a 40% interest in Corporacion Panamena de Energia S.A. ("COPESA"), a Panama company, which owns a power project located in Panama.

G. ITN was incorporated under the laws of the State of Colorado and is 49% owned by Millennium. ITN was formed to research, develop and commercialize emerging space, energy and environment-related technologies for government and commercial markets.

1. Ascent Power Systems, Inc. ("Ascent") was incorporated under the laws of the State of Arizona and is 36% owned by ITN. Ascent was formed to engage in the research, development and commercialization of solid oxide fuel cells.

H. SES was incorporated under the laws of the State of Arizona and is a wholly-owned subsidiary of Millennium. SES was formed to provide electrical contracting services statewide to commercial, industrial and governmental customers in both high voltage and inside wiring capacities.

I. SWPP Investment was incorporated under the laws of the State of Arizona and is a wholly-owned subsidiary of Millennium. SWPP Investment was formed to manufacture and sell concrete utility poles.

1. Sentinel Concrete Utility Poles, L.L.C. ("Sentinel") was

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organized under the laws of the State of Arizona and is 50% owned by SWPP Investment. Sentinel was formed to market and distribute concrete utility poles and products.

2. SWPP International Ltd. ("SWPP International") was incorporated under the laws of the Cayman Islands and is a wholly-owned subsidiary of SWPP Investment. SWPP International was formed to invest in a Mexican joint venture(s) related to the manufacturing and selling of concrete utility poles.

a. Productos de Concreto Internacionales, S. de R.L. de C.V. ("Productos") was organized under the laws of Mexico and is 50% owned by SWPP International. Productos was formed to manufacture concrete utility poles and products in Mexico.

J. Powertrusion was incorporated under the laws of the State of Nevada and is 50.5% owned by Millennium. Powertrusion was formed to develop, manufacture and sell lightweight utility poles and products.

K. MetroGen was organized under the laws of the State of Delaware and is 20% owned by Millennium. MetroGen was formed to develop load curtailment methodologies through a remote dispatch system for idle generation assets throughout New York City.

L. TruePricing was incorporated under the laws of the State of Delaware. Millennium owns 20.5% of the voting shares of TruePricing. TEP owns 26.6% of the voting shares (see Section 1(I)(G) above). TruePricing was formed to develop technology services that provide pricing and other related information to consumers for a wide variety of products, including utility services.

1. TrueSolar was organized under the laws of the State of California and is a wholly-owned subsidiary of TruePricing. TrueSolar was formed to develop, finance, own and operate electrical generation and related systems and, in connection therewith, to engage in traditional energy development and integration activities, including owning, operating and siting solar and other renewable plants and gas-fired generation assets.

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M. Valley Ventures was formed as a venture capital fund focusing on information technology, optics and biotechnology. Millennium owns 14.8% of Valley Ventures. Millennium originally invested in Tucson Community Ventures ("TV"), which was organized under the laws of the State of Delaware. Millennium's investment represented 45.9% of the total fund at the time the fund was merged into Valley Ventures on September 16, 2002.

III. UniSource Energy Development Company ("UED") was incorporated under the laws of the State of Arizona and is a wholly-owned subsidiary of UniSource Energy. UED was formed to develop energy projects primarily in the Arizona and southwest region.

A. Springerville Power, L.L.C. ("Springerville Power") was organized under the laws of the State of Arizona and is a wholly-owned subsidiary of UED. Springerville Power was formed to develop, finance and own or lease an approximately 400 MW coal-fired power generation project to be located near Springerville, Arizona.

UniSource Energy controls, directly or indirectly, less than 10% of the "voting securities" of the following companies: None.

2. A brief description of the properties of claimant[s] and each of its subsidiary public utility companies used for the generation, transmission and distribution of electric energy for sale, or for the production, transmission and distribution of natural or manufactured gas, indicating the location of principal generating plants, transmission lines, producing fields, gas manufacturing plants, and electric and gas distribution facilities, including all such properties which are outside the State in which claimant[s] and its subsidiaries are organized and all transmission or pipelines which deliver or receive electric energy or gas at the borders of such State.

UniSource Energy does not directly own any property used for the generation, transmission and distribution of electric energy for sale, or for the production, transmission and distribution of natural or manufactured gas.

As of December 31, 2002, TEP owned or participated in an overhead electric transmission and distribution system consisting of 511 circuit-miles of 500



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kiloVolts ("kV") lines, 1,122 circuit-miles of 345 kV lines, 371 circuit-miles of 138 kV lines, 434 circuit-miles of 46 kV lines and 12,095 circuit-miles of lower voltage primary lines. TEP's underground electric distribution system is comprised of 7,353 cable miles. Approximately 77% of the poles upon which the lower voltage lines are located are owned by TEP. Electric substation capacity associated with the above-described electric system consisted of 192 substations with a total installed transformer capacity of 5,602,522 kiloVolt Amperes ("kVA"). The above facilities are all located in Arizona except for certain transmission lines consisting of 560 circuit-miles of 345 kV in which TEP has a fractional undivided interest, that are located in the State of New Mexico and used to deliver electric energy produced at the Four Corners and San Juan Stations to TEP at the Arizona-New Mexico border.

Except as otherwise noted, at December 31, 2002 TEP owned or had a leasehold interest in the following generating stations:

Generating Source	Location	Net Capability MW	Operating Agent	TEP's %	Share MW
Springerville Station #1	Springerville, AZ	380	TEP	100.0	380
Springerville Station #2(1)	Springerville, AZ	380	TEP	100.0	380
San Juan Station #1	Farmington, NM	327	PNM	50.0	164
San Juan Station #2	Farmington, NM	316	PNM	50.0	158
Navajo Station #1	Page, AZ	750	SRP	7.5	56
Navajo Station #2	Page, AZ	750	SRP	7.5	56
Navajo Station #3	Page, AZ	750	SRP	7.5	56
Four Corners Station #4	Farmington, NM	784	APS	7.0	55
Four Corners Station #5	Farmington, NM	784	APS	7.0	55
Irvington Station #1	Tucson, AZ	81	TEP	100.0	81
Irvington Station #2	Tucson, AZ	81	TEP	100.0	81
Irvington Station #3	Tucson, AZ	104	TEP	100.0	104
Irvington Station #4	Tucson, AZ	156	TEP	100.0	156
Internal Combustion Turbines	Tucson, AZ	217	TEP	100.0	217
Solar Electric Generation	Springerville/ Tucson, AZ	3	TEP	100.0	3

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TOTAL 2,002  
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 (1) Title to Springerville #2 is held by San Carlos.

The electric generating stations, operating headquarters, the warehouse, service center and the electric distribution and electric transmission facilities owned by TEP are located in Arizona, except as otherwise noted. TEP, individually and in conjunction with Public Service Company of New Mexico in connection with the San Juan Station, has acquired easements and leases for transmission lines and a water diversion facility located on the Navajo Indian Reservation. TEP has also acquired easements for transmission facilities, related to the San Juan and Navajo Generating Stations, across the Zuni, Navajo and Tohono O'Odham Indian Reservations.

Various undivided interests in the common facilities at the Irvington Generating Station which serve Unit 4 were sold and are leased back by TEP.

The 50% undivided interest of San Carlos in the common facilities at the Springerville Generating Station were sold by San Carlos and leased back by TEP and San Carlos, jointly and severally. The coal-handling facilities at the Springerville Generating Station were sold and are leased back by TEP. TEP leases Springerville Unit 1, the fuel handling facilities for Springerville, and an undivided 50% interest in the facilities common to Unit 1 and Unit 2 through sale/leaseback arrangements. San Carlos holds title to Unit 2 of the Springerville Generating Station.

3. The following information for the last calendar year with respect to claimant[s] and each of its subsidiary public utility companies:

a. Number of kWh of electric energy sold (at retail or wholesale), and Mcf of natural or manufactured gas distributed at retail.

	Electricity -----	Gas ---
UniSource Energy	None	None
TEP	12,543,211	None



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The name and business address for COPESA is as follows:

COPESA  
Avenida Federico Boyd  
E.D.F. Scotia Plaza  
PISO VI Panama City, Panama

Listed below is a description of the COPESA facility:

COPESA owns an approximately 42 MW diesel-fired combustion turbine facility located in Panama City, Panama. The project sells electricity to distribution companies and large industrial users in Panama.

b. Name of each system company that holds an interest in such EWG or foreign utility company; and description of the interest held.

The ownership of COPESA is as follows:

A. Nations International Ltd., a wholly-owned subsidiary of Nations Energy, holds a 40% equity interest in COPESA.

B. Electric Machinery Enterprises, a Florida company, holds a 21.67% equity interest in COPESA.

C. Proquim, a Panama company, owns a 22.67% equity interest in COPESA.

D. Martino, S.A., a Panama corporation, holds an 11.66% equity interest in COPESA.

E. Ingenieria R-M, S.A., a Panama corporation, holds a 3% equity interest in COPESA.

F. The remaining 1.0% equity interest in COPESA is held by certain Panamanian individuals.

c. Type and amount of capital invested, directly or indirectly, by the holding company claiming exemption; any direct or indirect guarantee of the security of the EWG or foreign utility company by the holding company claiming exemption; and any debt or other financial obligation for which there is recourse, directly or indirectly, to the holding company claiming exemption or another system company, other than the EWG or foreign utility company.

During 2002, no additional amounts were invested by Nations International Ltd. as additional equity in COPESA. Project debt in COPESA is non-recourse.

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d. Capitalization and earnings of the EWG or foreign utility company during the reporting period.

The financial information for COPESA for the year ended December 31, 2002 has not been made available to UniSource Energy at the time of this filing. UniSource Energy has been advised by administrative personnel of COPESA that the 2002 financial statements have not yet been completed by COPESA's auditors because the auditors were delayed in beginning their review of 2002 financial information as the Panama internal revenue service was conducting a tax audit of COPESA for prior years, and that audit was only recently completed. Based on information furnished by COPESA personnel, UniSource Energy expects that the financial information for 2002 will be available shortly. Upon receipt of that information, this filing will be supplemented to include the 2002 financial data for COPESA.

e. Identify any service, sales or construction contract(s) between the EWG or foreign utility company and a system company, and describe the services to be rendered or goods sold and fees or revenues under such agreement(s).

Inapplicable.

EXHIBIT A

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Consolidating statements of income of the claimants and their subsidiary companies for the last calendar year, together with the consolidating balance sheets of claimants and their subsidiary companies as of the close of such calendar year.

This statement is being filed by TEP to claim exemption in the event that San Carlos Resources Inc. is an "electric utility company" under the Act. However, the filing of this statement is not an acknowledgment by TEP that San Carlos Resources Inc. is an "electric utility company."

The above-named claimants have caused this statement to be duly executed on their behalf by its authorized officer on this 28th day of February, 2003.

UNISOURCE ENERGY CORPORATION

By: /s/ Karen G. Kissinger

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 Karen G. Kissinger  
 Vice President, Controller and  
 Chief Compliance Officer

(Corporate Seal)

TUCSON ELECTRIC POWER COMPANY

By: /s/ Karen G. Kissinger

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 Karen G. Kissinger  
 Vice President, Controller and  
 Chief Compliance Officer

(Corporate Seal)

Attest:

/s/ Linda Kennedy  
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Name, title and address of officer to whom notices and correspondence concerning this statement should be addressed: Vincent Nitido, Vice President and General Counsel, UniSource Energy Corporation, One South Church Avenue, Suite 1820, Tucson, Arizona 85701.

UNISOURCE ENERGY CORPORATION  
 CONSOLIDATING BALANCE SHEET  
 DECEMBER 31, 2002  
 (in thousands)

EXHIBIT

	UNISOURCE ENERGY CORP.	TUCSON ELECTRIC POWER CO.*	MILLENNIUM ENERGY HOLDINGS**	UED***
<b>ASSETS</b>				
<b>Utility Plant</b>				
Plant in Service	\$ -	\$ 2,598,884	\$ -	\$ -
Utility Plant Under Capital Leases	-	747,556	-	-
Construction Work in Progress	-	59,926	-	-
<b>Total Utility Plant</b>	-	<b>3,406,366</b>	-	-
Less Accumulated Depreciation and Amortization	-	(1,346,101)	-	-
Less Accumulated Depreciation of Capital Lease Assets	-	(391,915)	-	-
<b>Total Utility Plant - Net</b>	-	<b>1,668,350</b>	-	-
<b>Investments and Other Property</b>				
Investments in Lease Debt and Equity	-	191,867	-	-
Other	529,659	21,358	79,145	22,735
<b>Total Investments and Other Property</b>	<b>529,659</b>	<b>213,225</b>	<b>79,145</b>	<b>22,735</b>

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Note Receivable from UniSource Energy	-	79,462	-	-
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Current Assets				
Cash and Cash Equivalents	22	55,778	33,304	1,824
Accounts Receivable - Net	44,684	82,575	15,980	11,640
Materials and Fuel Inventory	-	44,500	2,157	-
Current Regulatory Assets	-	11,778	-	-
Deferred Income Taxes - Current	-	15,917	-	-
Interest Receivable - Current	-	12,178	-	-
Other	-	8,407	20,865	1,640
<hr/>				
Total Current Assets	44,706	231,133	72,306	15,104
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Regulatory and Other Assets				
Transition Recovery Asset	-	307,120	-	-
Income Taxes Recoverable Through Future Revenues	-	57,044	-	-
Other Regulatory Assets	-	10,504	-	-
Other Assets	837	46,752	17	-
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Total Regulatory and Other Assets	837	421,420	17	-
<hr/>				
Total Assets	\$ 575,202	\$ 2,613,590	\$ 151,468	\$ 37,839
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UNISOURCE ENERGY CORPORATION  
CONSOLIDATING BALANCE SHEET (CONTINUED)  
DECEMBER 31, 2002  
(in thousands)

	UNISOURCE ENERGY CORP.	TUCSON ELECTRIC POWER CO.	MILLENNIUM ENERGY HOLDINGS	UED
<hr/>				
CAPITALIZATION AND OTHER LIABILITIES				
Capitalization				
Common Stock	\$ 661,185	\$ 647,172	\$ -	\$ -
Additional Paid-In Capital	-	-	163,900	32,250
Accumulated Deficit	(218,932)	(305,685)	(34,921)	1,670
Accumulated Other Comprehensive Income - Minimum Pension Liability (Net of Tax)	-	(4,024)	-	-
<hr/>				
Common Stock Equity	442,253	337,463	128,979	33,930
Capital Lease Obligations	-	801,508	103	-
Long-Term Debt	104,723	1,128,410	553	-
<hr/>				
Total Capitalization	546,976	2,267,381	129,635	33,930
<hr/>				
Current Liabilities				
Current Obligations Under Capital Leases	-	42,872	88	-
Current Maturities of Long-Term Debt	-	1,725	115	-
Accounts Payable	31,718	54,182	37,850	3,420
Interest Accrued	-	60,238	-	-

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Taxes Accrued	(2,782)	35,772	766	9
Accrued Employee Expenses	-	13,370	274	
Other	-	7,543	10,371	
<b>Total Current Liabilities</b>	<b>28,936</b>	<b>215,702</b>	<b>49,464</b>	<b>3,52</b>
Deferred Credits and Other Liabilities				
Deferred Income Taxes - Noncurrent	(1,017)	67,490	(32,306)	38
Other	307	63,017	4,675	
<b>Total Deferred Credits and Other Liabilities</b>	<b>(710)</b>	<b>130,507</b>	<b>(27,631)</b>	<b>38</b>
<b>Total Capitalization and Other Liabilities</b>	<b>\$ 575,202</b>	<b>\$ 2,613,590</b>	<b>\$ 151,468</b>	<b>\$ 37,83</b>

UNISOURCE ENERGY CORPORATION  
CONSOLIDATING STATEMENT OF INCOME (LOSS)  
TWELVE MONTHS ENDED DECEMBER 31, 2002  
(in thousands except for per share amounts)

	UNISOURCE ENERGY CORP.	TUCSON ELECTRIC POWER CO.	MILLENNIUM ENERGY HOLDINGS	UED
Operating Revenues				
Electric Retail Sales	\$ -	\$ 666,049	\$ -	\$ -
Electric Wholesale Sales	-	177,908	-	-
Net Gain on TEP Forward Contracts And MEG Trading Activities	-	533	111	-
Other Revenues	-	6,603	19,910	2,520
<b>Total Operating Revenues</b>	<b>-</b>	<b>851,093</b>	<b>20,021</b>	<b>2,520</b>
Operating Expenses				
Fuel	-	209,712	-	-
Purchased Power	-	64,504	-	-
Coal Contract Termination Fee	-	11,250	-	-
Other Operations and Maintenance	257	163,616	41,587	862
Depreciation and Amortization	-	124,054	3,570	299
Amortization of Transition Recovery Asset	-	24,554	-	-
Taxes Other Than Income Taxes	6	44,228	1,274	-
<b>Total Operating Expenses</b>	<b>263</b>	<b>641,918</b>	<b>46,431</b>	<b>1,161</b>
<b>Operating Income</b>	<b>(263)</b>	<b>209,175</b>	<b>(26,410)</b>	<b>1,359</b>
Other Income (Deductions)				
Interest Income	-	20,094	558	2
Interest Income - Note Receivable From UniSource Energy	-	9,329	-	-
Other Income (Deductions)	39,082	4,338	(4,148)	-
<b>Total Other Income (Deductions)</b>	<b>39,082</b>	<b>33,761</b>	<b>(3,590)</b>	<b>2</b>
Interest Expense				
Long-Term Debt	9,329	65,620	-	-
Interest on Capital Leases	-	87,783	18	-



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Interest Imputed on Losses Recorded at Present Value	-	1,166	-	-
Other Interest Expense	-	(720)	684	-
Total Interest Expense	9,329	153,849	702	-
Income (Loss) Before Income Taxes	29,490	89,087	(30,702)	1,361
Income Taxes	(3,785)	35,350	(15,222)	535
Net Income (Loss)	\$ 33,275	\$ 53,737	\$ (15,480)	\$ 826

Average Shares of Common Stock Outstanding (000)

Basic Earnings per Share

Average Shares of Common Stock Outstanding, Including Effect for Dilutive Securities (000)

Diluted Earnings per Share

Dividends Paid per Share

TUCSON ELECTRIC POWER COMPANY  
CONSOLIDATING BALANCE SHEET  
DECEMBER 31, 2002  
(in thousands)

EXHIBIT A

	TUCSON ELECTRIC POWER CO.	INVESTMENT SUBS *	CONSOL. ADJUST.	2002 CONSOL.
<b>ASSETS</b>				
<b>Utility Plant</b>				
Plant in Service	\$ 2,598,884	\$ -	\$ -	\$ 2,598,884
Utility Plant Under Capital Leases	747,556	-	-	747,556
Construction Work in Progress	59,926	-	-	59,926
Total Utility Plant	3,406,366	-	-	3,406,366
Less Accumulated Depreciation and Amortization	(1,346,101)	-	-	(1,346,101)
Less Accumulated Depreciation of Capital Lease Assets	(391,915)	-	-	(391,915)
Total Utility Plant - Net	1,668,350	-	-	1,668,350
<b>Investments and Other Property</b>				
Investments in Lease Debt and Equity	191,867	-	-	191,867
Other	18,643	5,032	(2,317)	21,358
Total Investments and Other Property	210,510	5,032	(2,317)	213,225
Note Receivable from UniSource Energy	79,462	-	-	79,462
<b>Current Assets</b>				
Cash and Cash Equivalents	54,327	1,451	-	55,778
Accounts Receivable - Net	82,752	4,376	(4,553)	82,575

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Materials and Fuel Inventory	44,500	-	-	44,500
Current Regulatory Assets	11,778	-	-	11,778
Deferred Income Taxes - Current	15,917	-	-	15,917
Interest Receivable - Current	12,178	-	-	12,178
Other	8,407	-	-	8,407
	-----	-----	-----	-----
Total Current Assets	229,859	5,827	(4,553)	231,133
	-----	-----	-----	-----
Regulatory and Other Assets				
Transition Recovery Asset	307,120	-	-	307,120
Income Taxes Recoverable Through				
Future Revenues	57,044	-	-	57,044
Other Regulatory Assets	10,504	-	-	10,504
Other Assets	46,752	-	-	46,752
	-----	-----	-----	-----
Total Regulatory and Other Assets	421,420	-	-	421,420
	-----	-----	-----	-----
Total Assets	\$ 2,609,601	\$ 10,859	\$ (6,870)	\$ 2,613,590
	=====	=====	=====	=====

TUCSON ELECTRIC POWER COMPANY  
CONSOLIDATING BALANCE SHEET (CONTINUED)  
DECEMBER 31, 2002  
(in thousands)

EXHIBIT

	TUCSON ELECTRIC POWER CO.	INVESTMENT SUBS	CONSOL. ADJUST.	2002 CONSOL.
	-----	-----	-----	-----
CAPITALIZATION AND OTHER LIABILITIES				
Capitalization				
Common Stock	\$ 653,529	\$ 2	\$ (2)	\$ 653,529
Premium on Capital Stock	-	263,378	(263,378)	-
Capital Stock Expense	(6,357)	-	-	(6,357)
Accumulated Deficit	(313,236)	(261,063)	268,614	(305,685)
Accumulated Other Comprehensive Income - Minimum Pension Liability (Net of Tax)	(4,024)	-	-	(4,024)
	-----	-----	-----	-----
Common Stock Equity	329,912	2,317	5,234	337,463
Capital Lease Obligations	801,508	-	-	801,508
Long-Term Debt	1,128,410	-	-	1,128,410
	-----	-----	-----	-----
Total Capitalization	2,259,830	2,317	5,234	2,267,381
	-----	-----	-----	-----
Current Liabilities				
Current Obligations Under Capital Leases	42,872	-	-	42,872
Current Maturities of Long-Term Debt	1,725	-	-	1,725
Accounts Payable	58,237	498	(4,553)	54,182
Interest Accrued	60,238	-	-	60,238
Taxes Accrued	35,742	30	-	35,772
Accrued Employee Expenses	13,370	-	-	13,370
Other	7,543	-	-	7,543
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Total Current Liabilities	219,727	528	(4,553)	215,700
Deferred Credits and Other Liabilities				
Deferred Income Taxes - Noncurrent	67,027	(123)	586	67,490
Other	63,017	8,137	(8,137)	63,017
Total Deferred Credits and Other Liabilities	130,044	8,014	(7,551)	130,507
Total Capitalization and Other Liabilities	\$ 2,609,601	\$ 10,859	\$ (6,870)	\$ 2,613,590

TUCSON ELECTRIC POWER COMPANY  
CONSOLIDATING STATEMENT OF INCOME (LOSS)  
TWELVE MONTHS ENDED DECEMBER 31, 2002  
(in thousands)

EXHIBIT A

	TUCSON ELECTRIC POWER CO.	INVESTMENT SUBS	CONSOL. ADJUST.	2002 CONSOL.
Operating Revenues				
Electric Retail Sales	\$ 666,049	\$ -	\$ -	\$ 666,049
Electric Wholesale Sales	177,908	-	-	177,908
Net Unrealized Gain on Forward Electric Sales and Purchases	533	-	-	533
Other Revenues	6,604	-	(1)	6,603
Total Operating Revenues	851,094	-	(1)	851,093
Operating Expenses				
Fuel	209,712	-	-	209,712
Purchased Power	64,504	-	-	64,504
Coal Contract Termination Fee	11,250	-	-	11,250
Other Operations and Maintenance	163,616	-	-	163,616
Depreciation and Amortization	124,054	-	-	124,054
Amortization of Transition Recovery Asset	24,554	-	-	24,554
Taxes Other Than Income Taxes	44,228	-	-	44,228
Total Operating Expenses	641,918	-	-	641,918
Operating Income	209,176	-	(1)	209,175
Other Income (Deductions)				
Interest Income	20,065	29	-	20,094
Interest Income - Note Receivable from UniSource Energy	9,329	-	-	9,329
Other Income	4,289	(72)	121	4,338
Total Other Income (Deductions)	33,683	(43)	121	33,761
Interest Expense				
Long-Term Debt	65,620	-	-	65,620
Interest on Capital Leases	87,783	-	-	87,783
Interest Imputed on Losses Recorded at Present Value	1,166	-	-	1,166

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Other Interest Expense	(720)	2	(2)	(720)
	-----	-----	-----	-----
Total Interest Expense	153,849	2	(2)	153,849
	-----	-----	-----	-----
Income Before Income Taxes	89,010	(45)	122	89,087
Income Taxes	35,273	77	-	35,350
	-----	-----	-----	-----
Net Income (Loss)	\$ 53,737	\$ (122)	\$ 122	\$ 53,737
	=====	=====	=====	=====

EXHIBIT B

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An organizational chart showing the relationship of each EWG or foreign utility company to associate companies in the holding company system.

See attached organizational charts for COPESA.

COPESA PROJECT OWNERSHIP STRUCTURE

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