

UNISOURCE ENERGY CORPORATION
CORPORATE GOVERNANCE AND NOMINATING COMMITTEE OF
THE BOARD OF DIRECTORS
CHARTER

1. COMPOSITION

The Corporate Governance and Nominating Committee of the Board of Directors (the "Committee") consists of not fewer than three Directors appointed annually by the Board. All members of the Committee shall be determined to be independent in accordance with the NYSE Listed Company Manual. The Board shall designate one of the Committee members as Chairman of the Committee.

2. QUALIFICATIONS

A Director shall be qualified to serve on the Committee if he or she qualifies as independent under the Company's Director Independence Criteria.

4. APPOINTMENT AND REMOVAL OF COMMITTEE MEMBERS

All members of the Committee shall be appointed and/or removed by the Board of Directors.

5. MEETINGS

The Committee will meet regularly to prepare for any upcoming vacancies on the Board of Directors and to address corporate governance. In addition to the Committee members and the Secretary, the Chairman of the Board, Chief Executive Officer and President and other members of the Board and management may attend as appropriate.

6. RULES OF PROCEDURE

The Committee will determine its own rules of procedure with respect to how its meetings are to be called, as well as the place, time and frequency. In the absence of such rules, the Committee will meet at the call of its Chairman as is required to accomplish the purposes of the Committee.

7. COMPENSATION

Each member will be paid such fees as may be established from time to time by the Board for service on the

Committee, and will be reimbursed for travel expenses incurred by attendance at meetings.

8. COMMITTEE SECRETARY

The Secretary of the Committee will be the Asst. Corporate Secretary of the Company (or such other representative of management as the Committee may designate) and will not be a member of the Committee. The Secretary will attend all meetings and maintain minutes, advise members of all meetings called, arrange with the Chairman or other convening authority for preparation and distribution of the agenda for each meeting, and carry out other functions as may be assigned from time to time by the Committee. At such meetings where attendance by a Company representative is not appropriate, the Chairman shall act as secretary of the meeting or appoint another member of the Committee to act as secretary of such meetings.

9. QUORUM

A majority of the total membership of the Committee will constitute a quorum.

10. RESPONSIBILITIES AND SPECIFIC DUTIES OF THE COMMITTEE

The functions of the Committee shall be:

1. Regularly review and assess the current Board membership as to size, skills and upcoming vacancies.
2. Make recommendations to the Board with respect to desired background, skill sets, experience and characteristics of Board members, as well as continuing education, conferences and seminars that Directors might attend to enhance their skill sets.
3. Regularly review and/or update the Candidate Evaluation Form.
4. Fill vacancies on Board of Directors by gathering and reviewing information on potential Board members; interviewing potential Board candidates; and, recommending potential Board members to the Board of Directors.
5. Review and approve all UniSource Board committee members and board members of major subsidiaries.

6. Annually review and recommend for approval corporate governance principles.
7. Facilitate periodic evaluation of the Board's collective performance.
8. Annually evaluate the performance of this Committee.
9. To retain and terminate any search firms to be used to identify director candidates including any terms of retention. This authority shall be exclusive to this Committee.
10. Annually review and approve modifications to the Company Board Manual.
11. Annually review other Board and Committee memberships of each Director for compliance with applicable laws and regulations.

11. RESPONSIBILITIES OF THE CHAIRMAN

The Chairman of the Committee will present the Committee's recommendations to the Board for its approval and periodically provide the Board, for its information, with a summary of the Committee's determinations and approvals.

12. RESPONSIBILITIES OF THE CHIEF EXECUTIVE OFFICER

The Chief Executive Officer of the Company will advise and make recommendations to the Committee and, in the normal course, attend all meetings of the Committee.

13. OTHER AUTHORITY

The Committee may call upon any person including employees of the Company or its subsidiaries, knowledgeable in matters discussed by the Committee, for information and counsel.