

SANDIA PEAK SERVICES, INC.

10 Tramway Loop, N.E. • Albuquerque, N.M. 87122
Corporate Office (505) 856-6419 • Customer Service (505) 857-8924 • FAX (505) 856-6335

May 13, 2013

New Mexico Public Regulation Commission
P.E.R.A. Building
PO Box 1269
Santa Fe, NM 87504-1269

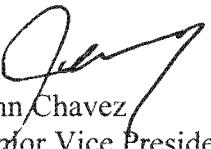
Re: Sandia Peak Services, Inc. Annual Report for 2012

Enclosed please find Sandia Peak Services, Inc.'s Annual Report for 2012 and NMPUC Rule 910, Form 1. The Company previously filed a request for a 15 day extension to file this report.

Also enclosed is the Annual Class I Transaction Report as required by 17.6.450.13(B). All class I Transaction activities are noted in the enclosed Report. Reports required by 17.6.450.13(A), 17.1.251(A) and (E) NMAC are also included.

The Company filed an Application for approval of a General Diversification Plan with the PRC in April and August 2006 and also in February 2007. Please refer to these filings for additional details regarding the Company's General Diversification Plan.

Sincerely,



John Chavez
Senior Vice President
Sandia Peak Services, Inc.

JC/lk

Annual Report

(For Class A and B Sewer Utilities)

Of

SANDIA PEAK SERVICES, INC.

(Exact legal name of Respondent)

TO THE

NEW MEXICO

PUBLIC REGULATION COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 2012

Report for Year Ended December 31, 2012
OFFICERS AND DIRECTORS

Report below the officers and directors of respondent at end of year. If there were any changes during year, show title, name, and address of previous officer or director and date of change. List officers first, then directors, listing twice officers who are also directors.

Line No.	Name (a)	Official Title (b)	Principal Business Address (c)
1.	BENNY ABRUZZO	PRESIDENT	10 TRAMWAY LOOP NE, ABQ., NM 87122
2.	JOHN CHAVEZ	SENIOR VICE PRESIDENT	10 TRAMWAY LOOP NE, ABQ., NM 87122
3.	LISA KILBRETH	SECRETARY	10 TRAMWAY LOOP NE, ABQ., NM 87122
4.	BENNY ABRUZZO	DIRECTOR	10 TRAMWAY LOOP NE, ABQ., NM 87122
5.	JOHN CHAVEZ	DIRECTOR	10 TRAMWAY LOOP NE, ABQ., NM 87122
GUY JACKSON		DIRECTOR	10 TRAMWAY LOOP NE, ABQ., NM 87122
1. State number of meeting of board of directors held during year: 2			
2. State number of directors required to constitute a quorum: 2			
3. State total amount of directors fees paid during year: \$1,250.00			

SECURITY HOLDERS AND VOTING POWERS

Report below the names and addresses of the 9 security holders of the respondent who, at the end of the year, had the highest voting powers in the respondent, and state the number of votes which each would have had a right to cast on that date, if a meeting were then in order. If any such holder held in trust, give the known particulars of the trust.

Line No.	Nature of Security Holder (a)	Address of Security Holder (b)	Number of votes at end of Year			
			Total number of votes (c)	Common stock (d)	Preferred stock (e)	Other Securities with voting power (f)
1.	ALVARADO REALTY CO.	10 TRAMWAY LOOP, NE ALBUQUERQUE NM 87122	300	300	N/A	N/A
2.						
3.						
4.						
5.						
6.	ABOVE REPRESENTS ALL SECURITY HOLDERS.					
7.						
8.						
9.						
10.						

COMPARATIVE BALANCE SHEET ASSETS AND OTHER DEBITS

Line	Account No.	Title Of Account (a)	Balance Beginning Of Year (b)	Balance End Of Year (c)
1.		UTILITY PLANT		
2.	100-105	Utility Plant	\$26,624	\$26,624
3.	108-110	Less: Accumulated Provision for Depreciation and Amortization of Utility Plant	(7,987)	(9,762)
4.	114	Utility Plant Acquisition Adjustment		
5.	115	Accumulated Amortization of Utility Plant Acquisition Adjustment		
6.		Net Utility Plant	18,637	16,862
7.		OTHER PROPERTY AND INVESTMENTS		
8.	121	Non-utility Property (Less: Account 122, Accumulated Provision for Depreciation and Amortization) Acct. 121 \$ _____ Acct. 122 \$ _____ (Net)		
9.	123	Investment in Associated Companies		
10.	124	Utility Investments		
11.	125	Other Investments		
12.	127	Special Funds		
13.		Total Other Property and Investments		
14.		CURRENT AND ACCRUED ASSETS		
15.	131	Cash and Working Funds	329,973	359,015
16.	132	Special Deposits		
17.	134	Working Funds		
18.	135	Temporary Cash Investments		
19.	141	Customer Accounts Receivable	39,847	44,314
20.	142	Other Accounts Receivable		
21.	143	Accumulated Provision for Uncollectible Accounts -Cr		
22.	144	Notes Receivable		
23.	145	Accounts Receivable from Associated Companies	8,920	6,954
24.	146	Notes Receivable from Associated Companies		
25.	151	Plant Materials and Supplies		
26.	162	Prepayments	4,650	5,247
27.	171-174	Other Current and Accrued Assets		
28.		Total Current and Accrued Assets	383,390	415,530
29.		DEFERRED DEBITS		
30.	181	Unamortized Debt Discount and Expenses		
31.	182	Extraordinary Property Losses		
32.	186-190	Other Deferred Debits		
33.		Total Deferred Debits		
34.		Total Assets and Other Debits	402,027	432,392

Remarks:

COMPARATIVE BALANCE SHEET
LIABILITIES AND OTHER CREDITS

Line No.	Account No.	Title Of Account (a)	Balance Beginning Of Year (b)	Balance End Of Year (c)
PROPRIETARY CAPITAL				
2.	20	Common Capital Stock	\$300	\$300
3.	20	Preferred Capital Stock		
4.	21	Other Paid-In Capital		
5.	21	Discount on Capital Stock		
6.	21	Capital Stock Expense		
7.	21	Appropriated Retained Earnings	377,776	403,081
8.	21	Unappropriated Retained Earnings		
9.	21	Reacquired Capital Stock		
10.	21	Total Proprietary Capital	378,076	403,381
LONG-TERM DEBT				
12.	22	Bonds		
13.	22	Advances from Associated Companies		
14.	22	Other Long-Term Debt		
15.		Total Long-Term Debt		
CURRENT AND ACCRUED LIABILITIES				
17.	23	Accounts Payable	8,512	10,863
18.	23	Notes Payable	0	0
19.	233-234	Payables to Associated Companies	12,872	15,558
20.	23	Customer Deposits		
21.	23	Taxes Accrued	2,567	2,590
22.	237	Interest Accrued		
23.	238-241	Other Current and Accrued Liabilities		
24.		Total Current and Accrued Liabilities	23,951	29,011
DEFERRED CREDITS				
26.	25	Unamortized Premium on Debt		
27.	25	Advances for Construction		
28.	25	Other Deferred Credits		
29.	25	Accumulated Deferred Investment Tax Credits		
30.		Total Deferred Credits		
OPERATING RESERVES				
32.	26	Property Insurance Reserve		
33.	26	Injuries and Damages Reserve		
34.	26	Pensions and Benefits Reserve		
35.	26	Miscellaneous Operating Reserve		
36.		Total Operating Reserves		
CONTRIBUTION IN AID OF CONSTRUCTION				
38.	27	Contributions in Aid of Construction		
39.	27	Accumulated Amortization of Contributions in Aid of Construction		
40.	281-283	Accumulated Deferred Income Tax		
41.		Total Liabilities and Other Credits	402,027	432,392

Remarks:

SEWER UTILITY PLANT

Include in column (e) entries reclassifying property from one account to another. Corrections of entries of the immediately preceding year should be recorded in column (c) or column (d) accordingly as they are corrections of additions or retirements.

Line No.	Acct. No.	Account (a)	Balance At Beginning Year (b)	Plant Added (c)	Plant Retired (d)	Adjustments (e)	Balance At End Of Year (f)
1. INTANGIBLE PLANT							
2.	351	Organization	\$	\$	\$	\$	\$
3.	353	Franchises					
4.		Total Intangible Plant					
5. COLLECTION PLANT							
6.	363	Land and Land Rights					
7.	364	Structures and Improvements					
8.	360	Collection Sewers - Force					
9.	361	Collection Sewers - Gravity					
10.	362	Special Collecting Structure					
11.	363	Services to Customers					
12.	364	Flow Measuring Devices					
13.	365	Flow Measuring Installations					
14.	370	Receiving Wells					
15.		Total Collection Plant					
16. PUMPING TREATMENT AND DISPOSAL PLANT							
17.	371	Pumping Equipment					
18.	380	Treatment and Disposal Equipment					
19.	381	Plant Sewers					
20.	382	Outfall Sewer Lines					
21.	389	Other Plant and Disposal					
22.		Total Treatment and Disposal Plant					

SEWER UTILITY PLANT (continued)

Include in column (e) entries reclassifying property from one account to another. Corrections of entries of the immediately preceding year should be recorded in column (c) or column (d) accordingly as they are corrections of additions or retirements.

Line No.	Acct. No.	Account (a)	Balance At Beginning Year (b)	Plant Added (c)	Plant Retired (d)	Adjustments (e)	Balance At End Of Year (f)
23. General Plant							
24.	390	Office Furniture and Equipment	\$	\$	\$	\$	\$
25.	391	Transportation Equipment					
26.	392	Stores Equipment					
27.	393	Tools, Shop and Garage Equipment					
28.	394	Laboratory Equipment					
29.	395	Power Operated Equipment					
30.	396	Communication Equipment					
31.	397	Miscellaneous Equipment	26,624				26,624
32.	398	Other Tangible Property					
33.		Total General Plant	26,624				26,624
34.		Total Utility Plant in Service Directly	26,624				26,624
35.		Assignable Common Utility Plant Allocated					
36.		Total Sewer Utility Plant in Service	26,624				26,624

If utility has common utility plant report hereunder by account of such plant and explain the method of allocating common plant and accumulated provision for depreciation and amortization by utility departments.

ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNTS (Account 143)

CLASS OF ACCOUNTS	BALANCE BEGINNING OF YEAR	PROVISION FOR UNCOLLECTIBLES FOR YEAR	NET CHARGES DURING YEAR		ADJUSTMENTS	BALANCE END OF YEAR
			ACCOUNTS WRITTEN OFF	COLLECTIONS OF ACCOUNTS WRITTEN OFF		
Utility Customers	\$ NO PROVISION WAS SET UP FOR BOOK OR TAX: DIRECTLY WRITTEN OFF					\$
Other	BAD DEBT EXPENSE #770					
Total						

CAPITAL STOCK (Accounts 201 – 204)

CLASSIFICATION	NUMBER OF SHARES		PAR VALUE OF SHARES	TOTAL AMOUNT OUTSTANDING	DIVIDENDS DECLARED DURING YEAR
	AUTHORIZED	ISSUED			
	50,000	300		\$300	\$0

LONG – TERM DEBT (Accounts 221 – 224)

NATURE OF OBLIGATION	TOTAL AMOUNT AUTHORIZED	DATE ISSUED	AMOUNT ISSUED	AMOUNT OUTSTANDING	DATE OF MATURITY	INTEREST RATE	INTEREST FOR CURRENT YEAR
	\$		\$	\$		%	\$

RESERVE FOR DEPRECIATION (Accounts 108 – 110)

		AMOUNT
Balance at the beginning of Year (Credit)		\$ 7,987
ADD: Amount charged for Depreciation Expense		1,775
Other credits in detail		
Total Credits		9,762
DEDUCT: Book cost of plant retired		
Cost of removal		
Other debits in detail		
Total Debits		
Balance at the end of the Year (Credit) Schedule B, Page 7		9,762
Show detail of the "other" debits and credits to the depreciation reserve during the year on a separate sheet.		

UTILITY PLANT (Accounts 101 – 105)

Schedule A		(Column 1)	(Column 2)	(Column 3)
Acct. No.	TOTAL UTILITY PLANT	Sewer Plant	Common Plant	Total Utility Plant (Column 1 & 2)
101	Utility Plant in Service	\$26,624	\$	\$26,624
102	Utility Plant Leased to Others			
103	Property Held for Future Use			
104	Utility Plant Purchased or Sold			
105	Construction Work in Progress			
	Total Utility Plant (to page 2, line 2)	\$26,624	\$	\$26,624

ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF UTILITY PLANT (Accounts 108 – 110)

Schedule B		(Column 1)	(Column 2)	(Column 3)
Acct. No.	TOTAL UTILITY PLANT RESERVES	Sewer Plant Depreciation & Amortization	Common Plant Depreciation & Amortization	Total Accumulated provision for Depreciation & Amortization of Utility Plant (Column 1 & 2)
108	Accumulated provision for Depreciation of Utility Plant in Service	\$9,762	\$	\$9,762
110	Accumulated provision for Amortization of Utility Plant in Service			
114	Utility Plant Acquisition Adjustments			
116	Accumulated Amortization of Utility Plant Acquisitions Adjustments			
	Total Utility Plant Reserve (to page 2, line 2)	\$9,762	\$	\$9,762

MATERIALS AND SUPPLIES (Accounts 151)

1. Report below the amount of materials and supplies at end of year under titles which are indicative of the character of the material included. Appliances for resale shall be reported as separate class of material.
2. Show in Column (c) the departments which use each class of material and in Column (d) designate the department to which predominant use of the class of material is attributable.

A. Summary of Materials and Supplies at End of Year

Line	Class of Material (a)	Amount End of Year (b)	Departments which Use Material (c)	Department to which Predominant use of Material is Attributable (d)
1.	MATERIALS AND SUPPLIES ARE PURCHASED	ONLY AS NEEDED		
2.	AND ARE EXPENDED ACCORDINGLY – ACCT.	#7200		
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				
11.				
12.				

(Total of Column (b) to page 2, line 25)

PREPAYMENTS (Account 162)

1. Give below the particulars called for concerning each prepayment.
2. Minor items may be grouped by classes, showing number of such items.

Line	Nature of Prepayment (a)	Balance Beginning Of Year (b)	Balance End Of Year (c)
1.	Insurance	4,650	5,247
2.			
3.			
4.			
5.			
6.			
7.			
8.			

(Total of Column (c) to page 2, line 26)

4,650 5,247

INCOME AND EARNED SURPLUS STATEMENT

Acct. No.	Account (a)	Amount For Current Year (b)
UTILITY OPERATING INCOME		
400	Operating Revenues	\$424,514
	Operating Expenses	
401	Operation and Maintenance Expenses	320,973
403	Depreciation Expense	1,775
407	Amortization Expense	
408	Taxes Other Than Income Taxes	
409	Income Taxes-Federal & State	0
	Total Operating Expenses	322,748
	Net Operating Revenues	101,766
410	Provision for Deferred Income Taxes	
411	Provision for Deferred Income Taxes – Credit	
	Income from Utility Plant Leased to Others	
412	Investment Tax Credit	
413	Utility Operating Income	
414	Gains (Losses) from Disposition of Utility Property	
OTHER INCOME		
415-416	Income from Merchandising, Jobbing, and Contract Work:	
	Acct.415 Revenues \$85,629 Acct.416 Costs & Expenses \$ 74,460 (Net)	11,169
419	Interest and Dividend Income	30
420	Allowances for Funds Used During Construction	
421	Nonutility Income	
	Total Other Income	11,199
	Total Income	112,965
MISCELLANEOUS INCOME DEDUCTIONS		
426	Miscellaneous Nonutility Expenses	3,037
	Total Income Deductions	3,037
	Income Before Interest Charges	109,929
INTEREST CHARGES		
427	Interest on Long-term Debt	0
428	Amortization of Debt Discount and Expenses	
429	Amortization of Premium on Debt – Credit	
	Total Interest Charges	0
433-434	Extraordinary Income or Deductions	
	Net Income	109,929

STATEMENT OF RETAINED EARNINGS FOR THE YEAR

1. Each credit and debit during the year should be identified as to the retained earnings account in which recorded and the contra-primary account effected shown in column (b).	3. Dividends should be shown for each class and series of capital stock. Show amounts of dividends per share.
2. For each reservation or appropriation of retained earnings state the purpose and amount.	4. Show separately the state and federal income tax effect of items shown in Account 439 and give a brief description of each adjustment.

Item (a)	Contra Primary Account Affected (b)	Amount (c)
Unappropriated Retained Earnings (Account 215):		
Balance Beginning of year		\$377,776
Changes (identify by prescribed retained earnings accounts)		
Adjustments to Retained Earnings (Account 439)		
Credits		
Total Credits to Retained Earnings (Account 439)		
Debits		
Total Debits to Retained Earnings (Account 439)		
Balance Transferred from Income (Account 435)	NET INCOME FOR YEAR	109,928
Appropriations of Retained Earnings (Account 436)		
Total Appropriations of Retained Earnings (Account 436)		
Dividends Declared-Preferred & Common Stock (Accounts 437-438)		(84,623)
Total Dividends Declared		
Balance – End of Year		403,081
Appropriated Retained Earnings (Account 214):		
State balance and purpose of each appropriated retained earnings amount of end-of-year and give accounting entries for any applications of appropriated retained earnings during the year.		
Total Appropriated Retained Earnings (Account 214)		
Total Retained Earnings (Accounts 214, 215)		403,081

Notes to Statement of Retained Earnings for the Year:

SEWER OPERATING REVENUES (Account 500)

SEWER OPERATION AND MAINTENANCE

Line No.	Acct. No.	Account (a)	This Year (b)	Last Year (c)
1.		SALARIES AND WAGES		
2.	701	Employees	\$	\$
3.	703	Officers, Directors and Majority Stockholders	17,412	14,108
4.	704	Employee Pensions and Benefits		
5.	710	Purchased Sewage Treatment	96,673	80,439
6.	711	Sludge Removal Expense		
7.	715	Purchased Power	14,426	13,944
8.	716	Fuel for Power Production		
9.	718	Chemicals		
10.	720	Materials and Surplus	13,307	14,975
11.		CONTRACTURAL SERVICES		
12.	731	Engineering		
13.	732	Accounting	0	0
14.	733	Legal	1,832	0
15.	734	Management Fees	43,089	32,254
16.	735	Other	3,212	2,106
17.	741	Rental of Building/Real Property	122,790	122,268
18.	742	Rental of Equipment		
19.	750	Transportation Expenses		
20.		INSURANCE		
21.	756	Vehicle		
22.	757	General Liability	5,699	5,938
23.	758	Workmen's Compensation		
24.	759	Other		
25.	760	Advertising Expense		
26.		REGULATORY COMMISSION EXPENSES		
27.	766	Amortization of Rate Case Expense		
28.	767	Other Regulatory Expense	2,456	2,515
29.	770	Bad Debt Expense		
30.	775	Miscellaneous Expense	77	162
TOTAL EXPENSES			\$320,973	\$288,709

PUMPING STATION EQUIPMENT

1. Use separate columns for each pump and associated power equipment. Use insert sheets if needed.
2. If the utility operates more than one integrated meter system, use insert sheets to show information requested below for each system.

Line	Items (a)	(b)	(c)	(d)	(e)
1.	PUMPING EQUIPMENT				
2.	Lift station number	PRIMROSE	PINON	APS	
3.	Make or type and nameplate data of pump	KS B KRTF100- 400/624G	BARNES #45E28ER	HYDROMATIC 1SPGF500	
4.	Year Installed	2004	2003	1996	
5.	Rated capacity (gpm)	300	150	180	
6.	Size	45	2.8	5HP	
7.	Power:	E	E	E	
8.	Electric				
9.	Mechanical				
10.	Give nameplate date of motor				
11.	SERVICE CONNECTIONS				
12.	Size (inches)	4"			
13.	Type (C1, PVC, etc.)	PVC/D1			
14.	Average length	25'			
15.	NUMBER OF ACTIVE SERVICE CONNECTIONS				
16.	Beginning of Year	1229			
17.	Added during Year	2			
18.	Retired during Year	0			
19.	Close of Year	1231			
20.	Give full particulars concerning inactive connections				
21.					
22.	COLLECTING, INTERCEPTOR & FORCE MAINS	Collecting Mains	Interceptor Mains	Force Mains	
23.	Size (inches)				
24.	Type of Main (C1, PVC, etc.)	PVC+DI		PVC+DI	
25.	Length of Pipe (nearest ft.)				
26.	Beginning of Year	73,651		9,573	
27.	Added during Year	---		---	
28.	Retired during Year	---		---	
29.	Close of Year	73,651		9,573	
30.	MANHOLES				
31.	Size	4'			
32.	Type	CONCRETE D&E			
33.	Number				
34.	Beginning of Year	374			
35.	Added during Year	---			
36.	Retired during Year	---			
37.	Close of Year	374			

New Mexico Jurisdictional Information
Year Ending December 31, 2012Sewer Company Name SANDIA PEAK SERVICES, INC.Address 10 TRAMWAY LOOP, NE, ALBUQUERQUE, NM 87122Phone Number (505) 856-2726Person Completing Form JOHN T. CHAVEZ

Customer Class	Multi-			Total
	Residential	Commercial	Dwelling	
Number of Customers	1,209	16	47	1,272
Gross Revenues	354,499	55,567	13,818	423,884
Avg. Annual Bill per Customer (1)	293.22	3,472.94	294.00	333.24
Avg. Monthly Bill per Customer (2)	24.44	289.41	24.50	27.77

Directions for the completion of (1), (2):

- (1) Divide gross revenues by number of customers.
- (2) Divide (1) by 12 months.

SANDIA PEAK SERVICES, INC.
ANNUAL INFORMATION
CLASS II TRANSACTION FILING
ACCOMPANYING INFORMATION TO THE 2012 ANNUAL REPORT
AS REQUIRED BY 17.6.450.13(A)

17.6.450.13 (A)(2)(b)

(i) an explanation and description of all affiliates, their relationship to each other and the utility, the types of business in which they are involved, and a listing of their exact names and home office addresses;

As of December 31, 2012, (Please note, there have been no changes to the following information from last year's submission.)

Sandia Peak Ski Company

10 Tramway Loop NE

Albuquerque, NM 87122

Type of Business: Ski Area Operator

Relationship to Utility: Contracts for services and owned 100% by common parent,

Alvarado Realty Company

Ownership Interest in Sandia Peak Utility: none

Sandia Peak Tram Company

10 Tramway Loop NE

Albuquerque, NM 87122

Type of Business: Ownership of Tramway

Relationship to Utility: Owned 100% by common parent, Alvarado Realty Company

Ownership Interest in Sandia Peak Utility: none

Alvarado Realty Company

10 Tramway Loop NE

Albuquerque, NM 87122

Type of Business: Investor in commercial, residential and recreational property

Relationship to Utility: Stockholder

Ownership Interest in Sandia Peak Utility: 100%

Ownership Interest in Sandia Peak Services Inc: 100%

Ownership Interest in Sandia Peak Ski Company: 100%

Ownership Interest In Sandia Peak Tram Company: 100%

Alvarado Management Ltd., Co.

10 Tramway Loop NE

Albuquerque, NM 87122

Type of Business: Administrative Services

Relationship to Utility: Owned 100% by common parent, Alvarado Realty Company

Ownership Interest in Utility: none

Sandia Properties Ltd. Co.
10 Tramway Loop NE
Albuquerque, NM 87122

Type of Business: Active Land Development Company through mid-2007

Relationship to Utility: Owned 100% by common parent, Alvarado Realty Company and
Currently leases assets to Sandia Peak Services Inc.

Ownership Interest: none

Santa Fe Ski Company
10 Tramway Loop NE
Albuquerque, NM 87122

Type of Business: Ski Area

Relationship to Utility: Owned 100% by common parent, Alvarado Realty Company and
contracts with the utility for sewer and water consulting services

Ownership Interest: none

Sandia Peak Utility Company
10 Tramway Loop NE
Albuquerque, NM 87122

Type of Business: Sewer Services

Relationship to the Utility: Owned 100% by common parent, Alvarado Realty Company
and contracts with the utility for sewer consulting and maintenance services.

Ownership Interest: None

(ii) the total investment in each affiliate;

No significant change in investments in affiliates since last report.

(iii) the joint officer, directors, employees, and facilities and an explanation of
their functions and how they are divided;

The President of the utility, who is also a director, is also an officer and a director of the affiliates. The Senior Vice President of the utility is also an officer of the affiliates. The supervisory and managerial duties of these individuals are divided among the utility and affiliates based on the amount of time worked on utility operations and the amount of time worked on affiliates' operations. The President serves in a supervisory and planning capacity and the Senior Vice President is responsible for the managerial and regulatory aspects of the utility. There is a Secretary who is an officer of the affiliates who also processes invoices for the Company.

The utility and certain affiliates share office space and equipment. The cost of this space to the utility is based on a function of the amount of time personnel devote to utility operations as it relates to other operations and the amount of square footage of the building required by the personnel. Such calculation is reviewed annually.

- (iv) all agreements or contracts required to implement and/or continue the Class II transaction(s) and any amendment thereto:

There are no Class II transactions or agreements required to implement and/or continue them.

- (v) a summary and explanation of any transactions or agreements between the utility and its affiliates, corporate subsidiaries, and holding company;

A summary of transactions and agreements between the utility and its affiliates is provided each year as part the utilities annual report. This report is called a Class I Transaction Report and attached to this report is a copy of that report.

- (vi) the allocation factors utilized, the dollar amounts involved and an explanation of how the factors are computed, why that methodology is appropriate, and why the allocation is required;

The administrative expenses and common facility expenses associated with the Alvarado Management Ltd., Co. contract are calculated based on the amount of time spent on utility operations and activities for payroll and payroll overhead expenses. The common facilities expenses are allocated on the amount of time spent on utility operations and the office space square footage associated with the personnel who perform utility duties. This is the most appropriate methodology as it matches the costs of these activities to the function or operation to which it is associated.

The health insurance contract and accidental insurance policy is reimbursed to Alvarado Management Ltd., Co. based on the actual cost that the insurance company charges to Alvarado Management Ltd., Co.

Expenses incurred by the utility for consulting and maintenance services provided to affiliates are reimbursed to the utility on a cost plus 15% profit basis. All time is tracked and billed to each affiliate based on actual time utilized on a project.

Services received by an affiliated utility company for maintenance and operations are paid to that utility on an actual cost plus overhead basis. All time is tracked and billed by that affiliated utility on actual time utilized on maintenance and operations.

The total amounts involved for these activities are as outlined in the Class I Transaction Report which is submitted with this annual report.

- (vii) an explanation and justification of any changes to any part of the utility's general diversification plan or any representation made to the Commission in connection therewith;

The Utility filed a proposed General Diversification Plan (GDP) with the Commission on April 11, 2006, August 24, 2006 and February 5, 2007. The GDP outlines contemplated changes in the affiliates' relationship. (Please note, there have been no changes to this information from last year's submission)

- (viii) the immediate and projected long-term (up to five (5) years) impact of the Class II transaction(s) on the capital structure of the public utility;

The capital structure is as outlined in the proposed GDP filed with the Commission on April 11, 2006, August 24, 2007 and February 5, 2007.

- (ix) an identification and detailed complete explanation for the method by which any Class II transaction or any action related thereto that has a utility accounting impact is or will be accounted for by the utility;

The explanation is as outlined in the proposed GDP filed with the Commission on April 11, 2006, August 24, 2006 and February 5, 2007.

- (x) the names of the officers and managers of the utility and its affiliates;

Sandia Peak Utility

Benny Abruzzo, President
John T. Chavez, Senior Vice President/Treasurer
Lisa Kilbreth, Secretary
Randy Adair, Operations Manager

Sandia Peak Ski Company

Benny Abruzzo, President
John T. Chavez, Vice President and Treasurer
Lisa Kilbreth, Secretary

Sandia Peak Tram Company

Louis Abruzzo, President
Benny Abruzzo, Senior Vice President
John T. Chavez, Vice President and Treasurer
Lisa Kilbreth, Secretary

Alvarado Realty Company

Louis Abruzzo, President
Benny Abruzzo, Senior Vice President
John T. Chavez, Vice President and Treasurer
Lisa Kilbreth, Secretary

Alvarado Management Ltd., Co.

Louis Abruzzo, President
John Chavez, Vice President
Cindy Kemper, Vice President
Karla Zagar, Secretary

Sandia Properties Ltd. Co.

Benny Abruzzo, President
John Chavez, Vice President
Lisa Kilbreth, Secretary

Santa Fe Ski Company

Benny Abruzzo, President
John Chavez, Vice President
Lisa Kilbreth, Secretary

Sandia Peak Services Inc.

Benny Abruzzo, President
John Chavez, Senior Vice President
Lisa Kilbreth, Secretary

- (xi) the most recent balance sheet and income statement from each of the utility's affiliates, corporate subsidiaries, and holding company which have been provided to or are in the possession of the utility;

The balance sheet and income statement for Alvarado Realty Company as of December 31, 2012 has been provided. All affiliates are included in Alvarado Realty Company's consolidated financial statements.

- (xii) the effect of the Class II transaction or any action related thereto on the financial performance of the utility and the utility's ability to provide reasonable and proper service at fair, just, and reasonable rates;

The Utility filed a proposed GDP with the Commission on April 11, 2006, August 24, 2006 and February 5, 2007. There is not expected to be any effect on the financial

performance of the Utility or its ability to provide reasonable and proper service at fair, just and reasonable rates. (Please note, there have been no changes to this information from last year's submission)

- (xiii) all costs and fees related to the Class II transaction(s) and any necessary corporate restructuring;

The only costs associated with the proposed GDP filed on April 11, 2006, August 24, 2006 and February 5, 2007 will be the cost of filing the Plan with the Commission. (Please note, there have been no changes to this information from last year's submission)

- (xiv) a year-by-year, annual five-year projection using proforma financial statements showing the effect of the utility's decision to enter into Class II transactions compared with a decision not to enter into Class II transactions and showing the expected impact of the Class II transactions and their resulting effect on utility rates and/or other matters relating to the public interest.

There will be no effect on utility rates and/or other matters relating to the public interest of the proposed GDP filed on April 11, 2006, August 24, 2006 and February 5, 2007. (Please note, there have been no changes to this information from last year's submission)

- (xv) the end-of-year consolidated capital structure (utility plus affiliates);

Please note that the proposed GDP filed on April 11, 2006, August 24, 2006 and February 5, 2007 contain "as if" consolidated capital structure information. (Please note, there have been no changes to this information from last year's submission)

- (xvi) an explanation of how the utility's capital structure, cost of capital, and ability to raise capital have been impacted by Class II transactions and the resulting effect: (Please note, there have been no changes to this information from last year's submission)

Please see the GDP filing on April 11, 2006, August 24, 2006 and February 5, 2007. (Please note, there have been no changes to this information from last year's submission)

- (xvii) the amount of dollars transferred between the utility and each affiliate during the annual period and the purpose of each transfer.

For the year ended December 31, 2012 the utility filed a Class I Transaction Report along with its annual report. Attached is a copy of this report which denotes the dollars transferred between the utility and each affiliate during that time period.

- (xviii) an explanation of how the utility's taxes and their calculation have been impacted, both on a stand-alone basis and consolidated basis, by Class II transactions and their resulting effect;

Please see the GDP filing on April 11, 2006, August 24, 2006 and February 5, 2007.

(xix) a five year, year-by-year projection of new utility capital requirements categorized and identified to the extent the utility is able and the projected sources and amounts of capital that will be used to meet these requirements;

Year end 2013	\$ 23,000	Rebuild Lift Station Pump #2
Year end 2014	\$ 83,000	Rebuild Lift Station Pump #1
Year end 2015	\$ 118,000	Capital Improvements Building/Yard
Year end 2016	\$1,240,500	Purchase of Leased Assets
Year end 2017	\$ 23,000	Repair/Replace APS and Lift Station Pumps

The capital requirements will be funded out of cash flow from operations except for the acquisition of the leased assets which will be funded from a combination of cash flow and a note from an affiliate.

(xx) an explanation of any impacts on new utility capital requirements from Class II transactions and their resulting effect.

There will be no new utility capital requirements from Class II transactions.

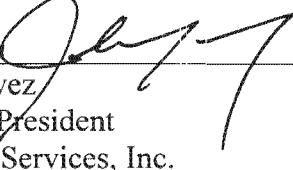


John T. Chavez
Senior Vice President
Sandia Peak Services, Inc.

SANDIA PEAK SERVICES, INC.
ANNUAL INFORMATIONAL FINANCING FILING
ACCOMPANYING INFORMATION TO THE 2012 ANNUAL REPORT
AS REQUIRED BY 17.1.2.51(A) NMAC AND 17.1.2.51(E) NMAC

The Company filed a GDP plan on February 5, 2007 requesting to transfer all shares owned by Sandia Peak Tram Company and Sandia Peak Ski Company to Alvarado Realty Company, which would become the sole owner. There have been no stock transfers since that date.

The Company does not anticipate issuing, assuming, or guaranteeing securities which are payable at periods of not more than eighteen (18) months after the date thereof.

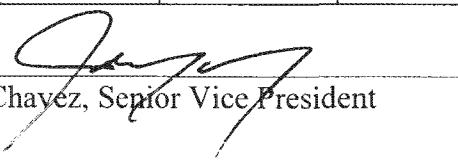

John T. Chavez
Senior Vice President
Sandia Peak Services, Inc.

SANDIA PEAK SERVICES, INC.
10 TRAMWAY LOOP, NE

CLASS I TRANSACTION REPORT
SUPPLEMENT TO ANNUAL REPORT

PURSUANT TO 17.6.450.13(B) SANDIA PEAK SERVICES, INC. SUBMITS THE FOLLOWING CLASS I TRANSACTION REPORT FOR THE 12 MONTHS ENDED DECEMBER 31, 2012 AND THE FOUR MONTHS ENDING APRIL 30, 2013:

TRANSACTION	ACCT # BY UNIF SYS OF ACCTS	TYPE OF GOOD OR SERVICE PROVIDED	QUANTITY	PRICE	OTHER
Lease with Sandia Properties Ltd., Co.	7400	Sewage Plant	Unlimited access of sewage plant	\$122,790 during 12 month period	Continuation of ongoing agreement previously approved by the Public Utility Commission. Current Class I Notification: 1/4/2012 Annual Renewal 1/21/2013 Annual Renewal
Agreement with Alvarado Management Ltd., Co.	7304	President, Senior Vice President, Receptionist, Controller, Secretary, Office Space, Utilities, Office Equip., etc.	Monthly Service	\$43,088 during 12 month period	Continuation of ongoing agreement previously approved by the Public Utility Commission 1/4/2012 Annual Renewal 1/21/2013 Annual Renewal
Payment to Sandia Peak Utility Company	7011 7012	Reimbursement of actual labor charges and materials	actual costs and labor hours in 2012	\$13,307 for 12 month period	Continuation of agreement. Sandia Peak Utility will provide this service at cost in 2012. 1/4/2012 Annual Renewal 1/21/2013 Annual Renewal
Sandia Peak Utility SH Services	7150	Water for purchased power	Purchased power	\$543 for 12 month period	Continuation of ongoing agreement. Normal business operation cost charged at approved rates.
Payment to Sandia Peak Utility Co.	7030	Billing Clerk & Supervisor	Monthly Cost Reimbursement	\$16,662 for 12 month period	Reimbursement at cost for planning, supervision, coordination and billing. Continuation of ongoing Agreement 1/4/2012 Annual Renewal 1/21/2013 Annual Renewal
Agreement with Sandia Peak Ski Company, Sandia Peak Tram Company and Santa Fe Ski Company	4210-4264	Water & Wastewater Consulting	Actual costs and labor + 15% profit	\$85,629 \$74,459	Water and sewer consultation contract 1/4/2012 Annual Renewal 1/21/2013 Annual Renewal Revenues Expenses


John T. Chavez, Senior Vice President

SANDIA PEAK SERVICES, INC.

BALANCE SHEET

AS OF 12/31/2012

CONFIDENTIAL-FOR INTERNAL PURPOSES ONLY

	2012	2011
ASSETS		
CASH	60,954.64	31,942.54
ACCOUNTS RECEIVABLE-CUSTOMERS	44,313.78	39,846.78
ACCOUNTS RECEIVABLE-AFFILIATES	6,954.57	8,919.94
WELLS FARGO MONEY MARKET INVESTMENT	298,060.48	298,030.60
PREPAID EXPENSES	5,246.92	4,649.63
UTILITY PLANT	26,624.00	26,624.00
LESS ACCUMULATED DEPRECIATION	(9,762.00)	(7,987.04)
 TOTAL ASSETS	 \$432,392.39	 \$402,026.45
 LIABILITIES AND CAPITAL	 <hr/>	 <hr/>
CAPITAL		
COMMON CAPITAL STOCK	300.00	300.00
RETAINED EARNINGS (DEFICIT)	377,775.55	335,585.32
CURRENT YEAR PROFIT (LOSS)	25,305.47	42,190.23
 TOTAL CAPITAL	 \$403,381.02	 \$378,075.55
 CURRENT LIABILITIES	 <hr/>	 <hr/>
ACCOUNTS PAYABLE	10,863.63	8,511.67
ACCOUNTS PAYABLE-AFFILIATES	11,087.04	9,201.20
ACCOUNTS PAYABLE-ALVARADO REALTY	4,470.84	3,670.40
ACCRUED TAXES	2,589.86	2,567.63
 TOTAL CURRENT LIABILITIES	 \$29,011.37	 \$23,950.90
 TOTAL LIABILITIES AND CAPITAL	 \$432,392.39	 \$402,026.45
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SANDIA PEAK SERVICES, INC.

OPERATING STATEMENT

FOR THE PERIOD ENDING 12/31/2012

CONFIDENTIAL-FOR INTERNAL PURPOSES ONLY

	2012	2011
OPERATING REVENUE		
5221 REVENUE- RESIDENTIAL	354,498.58	336,059.10
5222 REVENUE- COMMERCIAL	55,567.44	52,726.32
5225 REVENUE- MULTI DWELLINGS	13,818.00	13,113.00
5360 OTHER UTILITY REVENUES	630.00	2,073.20
 TOTAL OPERATING REVENUES	 \$424,514.02	 \$403,971.62
 OPERATING EXPENSES		
7030 SALARIES EXPENSE	17,412.32	14,107.96
7011 MAINTENANCE OF LIFT STATION	12,051.67	10,567.56
7012 SEWER LINE MAINTENANCE	1,255.24	4,407.57
7100 PURCHASED SEWER TREATMENT	96,672.98	80,438.53
7150 PURCHASED POWER	14,426.07	13,943.83
7160 OFFICE EXPENSE	3,211.88	825.40
7300 CONTRACTUAL SERVICES	0.00	1,280.70
7301 LEGAL	1,832.37	0.00
7304 ADMINISTRATION	43,088.34	32,253.67
7400 RENT AND LEASE PAYMENT	122,789.88	122,268.00
7550 INSURANCE EXPENSE	5,699.01	5,938.47
7650 REGULATORY EXPENSE	2,456.24	2,514.61
7750 OTHER UTILITY EXPENSES	77.18	162.32
4030 DEPRECIATION EXPENSE	1,774.96	1,775.04
 TOTAL OPERATING EXPENSES	 \$322,748.14	 \$290,483.66
 NET OPERATING PROFIT	 101,765.88	 113,487.96
 NON-OPERATING REVENUE		
419 INTEREST & DIVIDEND INCOME	29.88	121.61
421 CONTRACT/JOBBER REVENUES	85,628.57	76,114.91
426 CONTRACT/JOBBER EXPENSES	(74,459.63)	(66,186.91)
4280 NON UTILITY EXPENSE	3,036.39	0.00
 TOTAL NON-OPERATING REVENUE AND EXPENSE	 8,162.43	 10,049.61
 NET INCOME (LOSS)	 109,928.31	 123,537.57
2160 LESS DISCRETIONARY DIVIDENDS PAID	(31,602.00)	(24,000.00)
2161 LESS MANDATORY DIVIDENDS PAID	(53,020.84)	(57,347.34)
 NET CHANGE TO RETAINED EARNINGS	 \$25,305.47	 \$42,190.23

3/1/2013