



Building Demolition Continues...

CRMU started the demolition of its old power plant building in 2004 when Metal Masters Inc. was hired to remove the old engines and generators. This spring, CRMU contracted with August Enterprises to abate all of the asbestos in the building. Region XII is currently under contract with CRMU to develop specifications for the demolition of the old power plant and cooling tower structures. CRMU expects the work to be completed this year. CRMU anticipates utilizing the site for future storage.

NEW EMPLOYEE

CRMU's newest employee is Annie Rudolph. Annie accepted the position of Customer Service Representative and started working for CRMU on February 6, 2006.

Annie previously worked for Commercial Federal Bank, in Carroll, IA., where she was the Assistant Customer Service Manager.



CRMU ADDS CHANNEL 56

Pursuant to contract negotiations with Hearst-Argyle Corporation for retransmission consent of CBS, CRMU has added the Lifetime Network to its expanded basic lineup on channel 56.

Lifetime is dedicated to offering the highest quality entertainment and information programming as well as advocating a wide range of issues

that affect women and their families.

Lifetime Television is the leader in women's television and one of the top-rated basic cable television networks, serving more than 88 million households nationwide.

NOTICE: Please remember to call Iowa One Call prior to performing any digging or excavating...



Call Before You Dig!
1-800-292-8989

Notification service for locating underground

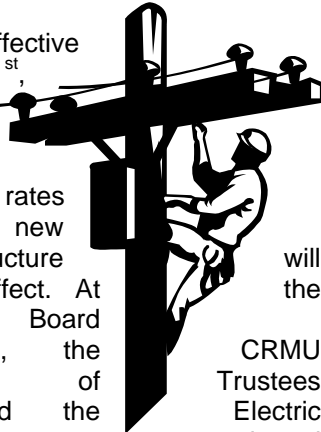


WATER RATE INCREASE

Effective July 1st, 2006, water rates will increase by approximately 16.6%. This increase will raise the minimum bill for 2000 gallons by a \$1.37/month.

ELECTRIC RATE INCREASE AND NEW RATE STRUCTURE

Effective July 1st, 2006, new electric rates and a new rate structure will be in effect. At the Board Meeting, the Board of the CRMU Trustees reviewed the Electric Utility's projected future cash flow analysis as prepared by Jon Burmeister of Public Financial Management (PFM).



The analysis indicated that CRMU's net revenues were insufficient to maintain required debt service coverage ratios at current rates. Mr. Burmeister noted that CRMU's wholesale power costs have increased drastically due to increases from WAPA and purchases of market based power, along with decreases in revenues due to an industrial load decline.

To meet the revenue requirements as required by CRMU's debt obligations, the Board approved implementing an Electric Cost Adjustment (ECA) along with a 5% kwh rate increase.

The new rate structure is expected to generate approximately 8% more revenue. The ECA was implemented into the rate structure to reduce net revenue volatility by tying a

component of the rates directly with the wholesale electric market



Municipal Building Repair and Renovations Being Evaluated...

The CRMU Board of Trustees held a special meeting in April to discuss the condition of the municipal building with a group of consultants consisting of a designer, structural engineer and mechanical engineer. Over the past few years the municipal building has been incurring increased costs for maintenance of its mechanical and HVAC systems due to their age. The roof of the municipal building is also in need of repair due to leaks occurring over both stairwells and damage received from the hail storm in 2004. The consultant group had been asked to evaluate the municipal building and prepare cost effective repair/replacement recommendations.

The consultant group discussed two primary options 1.) Keep the existing building, or 2.) Relocate to a different building. The Board debated that their first preference would be to relocate to a different, smaller, more efficient building that more closely matched their office needs and space (noting that CRMU offices currently account for less than 15% of the total municipal building square footage.) The Board stated that if CRMU did move out of the municipal building that it had been communicated by the City of Coon Rapids that they would not desire to own or maintain the building and it is very unlikely that CRMU could sell the building. The Board also recognizes the various other uses of the municipal building rooms for community events/meetings and therefore concluded that the existing building should be kept.

The consultant group then proceeded to discuss the problems with the municipal building's roof and mechanical systems. Noting that the municipal building actually has a roof built on a roof which has created a moisture barrier and fire hazard which is not in code compliance. To fix the roof correctly, they stated that both the existing and original roof need to be removed and a new roof installed incorporating new gables to eliminate the flat leaking areas.

The consultant group then discussed how the building has two different HVAC systems, both which are old, inefficient and past their useful lives. They stated that economically it would be in CRMU's best interest to incorporate a new high efficient, mechanical design along with the new roof to eliminate costly future structural changes which would be needed to retrofit the building if CRMU elects to repair and update old units as they fail.

The consultant group then discussed the functional utilization of the building by CRMU stating that redesigning the interior layout of the offices should be performed now to avoid a costly retrofit of the new mechanical systems. The Board stated that although it would be desirable to only fix the roof at this time, it would probably be imprudent from a long term economics approach to not address the other issues as well at the same time; therefore the Board asked the consultant group to prepare a new mechanical, HVAC, roof and interior layout design so that cost estimates may be obtained.