

**CANADIAN PORTABLE CONTRIBUTION CONSORTIUM INC/  
CONSORTIUM CANADIEN POUR LA CONTRIBUTION PORTABLE INC.**

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**BY FACSIMILE**

September 12, 2005

Ms. Diane Rhéaume  
Secretary General  
Canadian Radio-television and  
Telecommunications Commission  
1 Promenade du Portage  
Central Building  
Les Terrasses de la Chaudière  
Hull, Quebec  
K1A 0N2

Dear Ms. Rhéaume:

**Re: National Contribution Fund – File No. 8638-C12-45/00**

As you know, Canadian Portable Contribution Consortium Inc. ("CPCC") is a telecommunications industry consortium that was incorporated for the purpose of establishing and supervising the mechanisms to implement the portable contribution regime established by the Commission initially in Telecom Decision CRTC 97-8.

The board of directors of CPCC reviews the status of the national contribution fund at each of its meetings, and has been concerned for some time with the constant trend to surpluses in the fund. The board considers that surplus cash held in the fund is cash that is not available to telecommunications service providers. While interest is earned on the surplus cash held in the fund and such interest accrues to the TSPs, the interest rate is well below the cost of capital to the TSPs. The difference between the interest earned and the cost of capital is a significant opportunity cost to all TSPs.

In my letter to you of September 14, 2004 on behalf of the board, I advised you of the board's recommendation, based on its experience to that date, that the fund should maintain a minimum balance of \$10 million. I also advised that the board intended to review the appropriate size of this minimum balance on at least an annual basis.

At its recent meeting on September 8, 2005, the board of directors of CPCC directed me to advise you that the board now considers that a minimum balance in the fund of \$5 million at the end of each year would be sufficient for efficient operation of the national contribution fund. The board recommends that the Commission consider setting the 2005 final contribution rate accordingly.

The CPCC currently estimates that the balance in the fund will be more than \$20 million by the end of 2005. If the CRTC agrees with CPCC's recommendation to retain a minimum of \$5 million in the fund at the end of the year, the board anticipates that the CFA will be refunding the excess to the current required contributors pro rata to their contributions during 2005. In order to effect such refunds by the end of 2005 given the monthly processing cycle of the CFA, please be advised that it would be necessary to receive the Commission's decision with respect to the 2005 final contribution rate by early November.

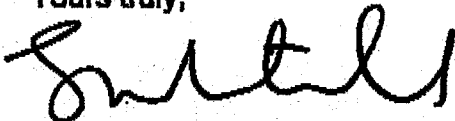
The board also recommends that the Commission assume a growth rate of at least 5% in the size of the contribution fund when establishing the 2006 interim contribution rate. This is significantly less than the actual growth rate experienced in 2004 and 2005 to date.

Finally, the board recommends that the Commission employ two decimal places in establishing interim and final contribution rates if this would assist in avoiding an unnecessary surplus in the contribution fund.

CPCC is aware that implementation of the foregoing measures to minimize the size of the surplus might result in a situation where the Commission would have to increase the contribution rate in the future. This prospect is not of concern to the board of directors of CPCC.

If the Commission has any questions or comments concerning this recommendation, please let me know and I will ensure that they are brought to the attention of the CPCC board of directors.

Yours truly,



Stephen P. Whitehead  
Secretary

cc: Len Katz, CRTC  
Steve Delaney, CRTC  
Robert Thompson, CRTC  
Board of Directors, CPCC  
Shareholders, CPCC  
Roland Henriksen, CFO, CPCC  
Hugh Cowan, Legal Counsel, CPCC