



Broadcasting Decision CRTC 2005-208

Ottawa, 20 May 2005

3937844 Canada Inc.

Whitecourt and Edson, Alberta

Application 2004-1173-6

Public Hearing in the National Capital Region

21 March 2005

English-language FM radio station in Whitecourt

*The Commission **approves** the application by 3937844 Canada Inc. to operate an English-language FM commercial radio programming undertaking in Whitecourt, Alberta.*

The application

1. The Commission received an application by 3937844 Canada Inc. (Newcap), a corporation controlled by Newcap Inc., for a broadcasting licence to operate an English-language FM commercial radio programming undertaking in Whitecourt, Alberta and to amend the broadcasting licence for the radio programming undertaking CJYR Edson by deleting the transmitter CFYR-FM Whitecourt.
2. The station would operate at 96.7 MHz (channel 244C1) with an effective radiated power of 9,000 watts. The new station in Whitecourt would replace CFYR-FM Whitecourt, a transmitter of CJYR Edson, also owned by Newcap.
3. The applicant proposed to offer a “classic hit” format based on Adult Contemporary music. Newcap indicated that it would provide approximately 72 hours of local programming from 6 a.m. to 6 p.m., Monday to Friday, and at least six hours of local programming each Saturday and Sunday. Some programming during evenings and weekends would originate from CJYR Edson. Syndicated programming would be offered periodically.
4. The proposed station would offer 4.5 hours per week of news and information programming. The applicant indicated that it would broadcast newscasts each weekday and on weekends. The station would also broadcast, during each broadcast week, approximately 5.5 additional hours of spoken word programming in the form of community information and other relevant information provided by local announcers.

5. Newcap indicated that it would promote Canadian artists and bands via airplay, interviews, promotion, live acoustic performances and concerts. The applicant stated however that it would not participate in the Canadian Talent Development (CTD) plan developed by the Canadian Association of Broadcasters (CAB). Instead, it proposed to contribute \$84,000 over the licence term, spending \$12,000 per year to support the Whitecourt Community Band. The applicant indicated that the funds would be used to purchase instruments for members of the Whitecourt Community Band and would contribute to the development of Canadian talent in Whitecourt. The applicant agreed to accept a condition of licence requiring adherence to this commitment.

Interventions

6. The Commission received two interventions in opposition to this application. One of the interventions was from Mr. Jeff Rose-Martland, who noted that Newcap's formats are replicated throughout the Newcap network, resulting in limited variety and reduced local content.
7. The second intervention was submitted by 1097282 Alberta Ltd. (1097282 Alberta), a corporation controlled by Edward Tardif and which was authorized to operate an English-language FM radio programming undertaking in *English-language FM radio station in Whitecourt*, Broadcasting Decision CRTC 2005-36, 3 February 2005 (Decision 2005-36). 1097282 Alberta argued that the town of Whitecourt would be unable to support both stations, and that Newcap would be free to cooperate with other stations owned by Newcap in the region, particularly for the sale of local advertising, offering potential clients drastically lower rates than it currently does, and that 1097282 Alberta's station could afford to offer.
8. 1097282 Alberta also noted that the applicant has proposed a format based on Adult Contemporary music, a format that was approved in *CJCM Grand Centre (Cold Lake) – Conversion to FM Band*, Broadcasting Decision CRTC 2003-617, 19 December 2003. 1097282 Alberta noted, however, that when the Cold Lake station launched, the format it used was a classic rock format. Given that music formats are unregulated, 1097282 Alberta submitted that the proposed Whitecourt FM station could likewise launch as a classic rock station as did the Cold Lake FM station, and would thus be in full competition with 1097282 Alberta's Whitecourt station.

Applicant's reply

9. In its reply to 1097282 Alberta, Newcap indicated that it has for some time responded to the community need for local service by broadcasting a live local morning show and local news for Whitecourt. With regard to local advertising sales, Newcap noted that it already sells retail advertising to businesses in Whitecourt and the surrounding area. With respect to 1097282 Alberta's contention that Whitecourt could only support one station, Newcap noted that the argument was rejected by the Commission in Decision 2005-36 when it approved the application by 1097282 Alberta to serve Whitecourt.

10. Newcap added that it prides itself on providing high quality, local service wherever possible. With regard to the potential shift in musical format, the applicant noted that, while market conditions are subject to change, Newcap's research indicated clearly that there is a need for an Adult Contemporary format in the marketplace.
11. Newcap did not reply to the intervention submitted by Mr. Jeff Rose-Martland.

The Commission's analysis and determination

12. The Commission has carefully considered the views expressed in the interventions as well as the applicant's reply.
13. In its intervention, 1097282 Alberta did not quantify the impact on its business plan, should Newcap's application be approved. The Commission recognizes that the applicant has been providing a regional service to the community of Whitecourt via its transmitter CFYR-FM Whitecourt, and has been accepting advertising from businesses in this community for some time. However, until now, advertisers have purchased residual coverage and have paid relatively high residual rates. Henceforth, advertisers could receive more coverage targeting only Whitecourt, and pay significantly reduced rates. The Commission also notes the intervener's comments about the sales synergies that Newcap could employ with other Newcap stations. The Commission notes that Newcap's financial projections are based upon its experience in Whitecourt and the surrounding communities, and anticipates that any immediate and significant economic impact is likely to be on Newcap's own service, CJYR Edson.
14. 1097282 Alberta would have taken Newcap's presence in the market, via its rebroadcaster, into account when conducting research on the feasibility of launching a new FM service in Whitecourt. The Commission notes that the Adult Contemporary format proposed by the applicant will also add diversity in the Whitecourt market and respond to the needs and interests of listeners in the Whitecourt area.
15. In light of these factors, the Commission **approves** the application by 3937844 Canada Inc. for a broadcasting licence to operate a new English-language FM radio programming undertaking in Whitecourt. The station will operate at 96.7 MHz (channel 244C1) with an effective radiated power of 9,000 watts. The Commission also **approves** the applicant's request to amend the broadcasting licence for the radio programming undertaking CJYR Edson by deleting the transmitter CFYR-FM Whitecourt.

Issuance of the licence

16. The licence will expire 31 August 2011. It will be subject to the **conditions** set out in *New licence form for commercial radio stations*, Public Notice CRTC 1999-137, 24 August 1999, with the exception of condition number 5. The licence will also be subject to the following condition of licence:
 - The applicant shall contribute \$12,000 per year to support the Whitecourt Community Band.

17. The proposed FM station in Whitecourt will operate under the same technical parameters already in use by CFYR-FM, which have been certified by the Department of Industry.
18. The licence for this undertaking will be issued once the applicant has informed the Commission in writing that it is prepared to commence operations. The undertaking must be operational at the earliest possible date and in any event no later than 24 months from the date of this decision, unless a request for an extension of time is approved by the Commission before 20 May 2007. In order to ensure that such a request is processed in a timely manner, it should be submitted at least 60 days before that date.

Employment equity

19. Because this applicant is subject to the *Employment Equity Act* and files reports concerning employment equity with the Department of Human Resources and Skills Development, its employment equity practices are not examined by the Commission.

Secretary General

This decision is to be appended to the licence. It is available in alternative format upon request, and may also be examined in PDF format or in HTML at the following Internet site: <http://www.crtc.gc.ca>