



Broadcasting Decision CRTC 2006-123

Ottawa, 4 April 2006

Treana Rudock, on behalf of a corporation to be incorporated
Tisdale, Saskatchewan

Application 2005-0596-9
Public Hearing in the National Capital Region
16 January 2006

English-language FM radio station in Tisdale

*In this decision, the Commission **denies** an application for a broadcasting licence to operate an English-language commercial FM radio station in Tisdale, Saskatchewan.*

The application

1. The Commission received an application by Treana Rudock, on behalf of a corporation to be incorporated (Treana Rudock), for a broadcasting licence to operate an English-language commercial FM radio programming undertaking in Tisdale, Saskatchewan. The station would operate at 103.1 MHz (channel 276A) with an effective radiated power of 273 watts.
2. The applicant indicated that the proposed station would provide a local service to the town of Tisdale, and would offer a country music format. All programming broadcast would be locally produced.
3. The applicant stated that spoken word programming would include news, weather, road conditions, sports and community information. Newscasts would be approximately five minutes in length and would be broadcast hourly until 8:00 p.m. each day. The proposed station would broadcast a daily live morning show from 7:00 a.m. to 10:00 a.m. Other spoken word programming would include the promotion of events in and around Tisdale, live local sports updates and interviews with local personalities. The proposed station would be staffed by two full-time employees who would share programming duties with the applicant, Treana Rudock.
4. With respect to Canadian talent development, the applicant proposed an annual budget of \$400 which would be contributed to the Tisdale school division, for a bursary to be awarded to a student pursuing a career in the field of music.

Interventions

5. The Commission received interventions in support of this application as well as in opposition.

6. Yorkton Broadcasting Company Limited & Walsh Investments Inc., partners in a general partnership known as GX Radio Partnership (GX Radio), licensee of CJGX and CFGW-FM Yorkton, Saskatchewan expressed opposition to the Treana Rudock proposal on the basis that the population of rural Saskatchewan is decreasing, making it difficult for the current radio licensees who serve this very small market to remain viable. The intervener was of the view that adding another radio station to the area would further erode opportunities for those existing broadcasters. GX Radio also noted that the music format proposed for use by the applicant would not provide added diversity to the Tisdale market. Finally, the intervener expressed the opinion that the business plan proposed by Treana Rudock is not viable, based on a projected net income of only \$16,000 per year.
7. Radio CJVR Ltd. (Radio CJVR), licensee of CKJH and CJVR-FM Melfort, Saskatchewan submitted two interventions in opposition to this application. One intervention was submitted in the context of the 19 December 2005 Public Hearing¹ while the other was submitted as part of the 16 January 2006 Public Hearing.
8. Radio CJVR was of the view that approval of the Treana Rudock application would have a negative impact on the operation of its radio stations in Melfort. Radio CJVR expressed the opinion that the entry of CJNE-FM² into the nearby market of Nipawin in April 2002 had harmed CKJH, and that approval of the current application would result in an additional negative impact.
9. The intervener also noted that the revised contour map submitted by the applicant showed a significant decrease in the population residing within the revised 0.5 mV/m contour from the population estimate submitted with the original application. Radio CJVR was of the view that the lowered estimate of population indicates that the applicant would not be able to achieve its potential audience, nor the financial projections submitted with its original application.
10. Radio CJVR was also of the opinion that the Treana Rudock application is of poor quality. The intervener stated that the applicant has not provided meaningful detail on how the proposed station would reflect the community in its daily programming schedule, what special programs would be locally relevant, or how it would showcase Canadian talent. With respect to the proposed use of a country music format, Radio CJVR indicated that its own Melfort station, CJVR-FM offers the same format, and that duplication of that format would therefore not bring additional diversity to the market.

¹ Following the receipt of revised technical parameters involving a change in the proposed contour coverage, the application was withdrawn from the 19 December 2005 Public Hearing (Broadcasting Notice of Public Hearing CRTC 2005-9-2) and rescheduled to the 16 January 2006 Public Hearing (Broadcasting Notice of Public Hearing 2005-10-3).

² In *Transfer of assets – Corporate reorganization*, Broadcasting Decision CRTC 2005-69, 23 February 2005, the Commission authorized CJNE FM Radio Inc. to acquire from Nor-Com Electronics Ltd. the assets of CJNE-FM Nipawin, Saskatchewan. This corporate reorganization maintained Mr. Norman Rudock as holding the controlling interest in the station.

11. Radio CJVR also questioned the quality of service that can be provided with an annual operating budget of \$37,000. The intervener expressed doubt that two employees would be able to manage the conception, production, promotion and distribution of all locally relevant community programming necessary to reflect the diversity and distinctiveness of the area's communities and their residents.
12. With respect to technical concerns, Radio CJVR noted that the technical brief as submitted in Treana Rudock's original application contained errors and inconsistencies. While the intervener asserted that the new brief is technically acceptable to the Department of Industry (the Department), the necessity for a complete new technical brief points to the calibre of the overall application.

Applicant's replies

13. In reply to the concerns raised in the GX Radio intervention, Treana Rudock stated that the Tisdale market has grown since 2001, and that the market is not currently served by a local station. The applicant also stated that revenue projections for the proposed station are deliberately conservative so as to permit the new station to become commercially viable.
14. In response to the intervention submitted by Radio CJVR, Treana Rudock noted that most radio stations available in Tisdale are out of market radio stations, "fringe AM stations" that cannot be received clearly, particularly at night time. The applicant expressed the opinion that the revenue loss experienced by CKJH, Radio CJVR's AM station in Melfort was due to the impact of the launch of Radio CJVR's own new FM station³ in 2002. The applicant also expressed the view that its business plan is viable and stated that it plans to charge advertising rates consistent with the size of the market.
15. With respect to comments that the application is incomplete, the applicant pointed out that both its application and technical brief have been deemed acceptable by the Commission and by the Department.

Commission's analysis and determination

16. The Commission has carefully considered the views expressed by interveners, as well as the applicant's replies to the opposing interventions. In evaluating an application for a new commercial radio station, the Commission generally assesses an application by examining the quality of the business plan, including the proposed station format and the plans for local programming. The Commission also assesses the impact a new entrant might have on a given market. The Commission has taken each of these factors into account in its consideration of this application.

³ See *New FM radio station in Melfort*, Decision CRTC 2001-747, 7 December 2001.

17. With respect to the quality of the business plan, the Commission notes that the applicant projected operating expenses of approximately \$30,100 in its first year of operation, increasing to \$34,900 in its seventh year of operation. The applicant also projected programming expenses of \$2,400 in the first year of operation, rising to \$3,000 in the seventh year.
18. The Commission considers that the creation of original local spoken word programming can be an expensive undertaking for most broadcasters. The Commission is not convinced, given the limited expenditures that would be allocated to local and spoken word programming, that the proposed station would be able to provide listeners with quality programming. The Commission also considers that the projected annual operating expenses are insufficient to support the day-to-day operations of a viable commercial radio service. Furthermore, the Commission notes that the applicant's proposed use of a country music format would not add diversity to the market given the similar format offered by CJVR-FM.
19. The Commission also examined the potential impact that the proposed station would have on existing stations in the area. The Commission notes a reduction in revenues to Radio CJVR's Melfort stations which corresponded with the introduction of CJVR-FM in 2002. The Commission further notes that the total revenue growth for Radio CJVR's two Melfort stations has been minimal since the launch of CJNE-FM Nipawin in 2002. Accordingly, the Commission concludes that the introduction of another new FM station at this time would have the potential for an undue negative impact upon the operations of Radio CJVR.
20. For all the reasons set out above, the Commission **denies** the application by Treana Rudock, on behalf of a corporation to be incorporated, for a broadcasting licence to operate an English-language commercial FM radio programming undertaking in Tisdale.

Secretary General

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