



Broadcasting Public Notice CRTC 2006-145

Ottawa, 15 November 2006

Licensing of new radio stations to serve Fort McMurray, Alberta – Introduction to Broadcasting Decisions CRTC 2006-627 to 2006-630

At a public hearing commencing 19 June 2006 in Edmonton, the Commission considered nine applications for new radio stations to serve Fort McMurray, Alberta.

This public notice describes the various applications and sets out the Commission's determinations with respect to the ability of the Fort McMurray market to absorb additional radio stations. This notice also summarizes the Commission's decision to approve three applications for new FM stations to serve Fort McMurray.

The call for applications

1. On 22 July 2005, the Commission issued *Call for applications for a broadcasting licence to carry on radio programming undertakings to serve Fort McMurray, Alberta*, Broadcasting Public Notice CRTC 2005-70, in which it announced that it had received an application for a broadcasting licence to provide a commercial radio programming undertaking to serve Fort McMurray and called for applications from other parties wishing to provide radio programming services to the area. The Commission advised potential applicants that they would be required to provide evidence giving a clear indication that there is a demand and a market for the service they propose, and that they should address, among other things:
 - the contribution that the proposed service would make to achieving the objectives established in the *Broadcasting Act* and, in particular, to the production of local and regional programming;
 - the factors relevant to the evaluation of applications, as outlined in *Introductory statement – Licensing new radio stations*, Decision CRTC 99-480, 28 October 1999, i.e., the quality of the application (including the business plan and the proposed format), the diversity of news voices, the market impact and the competitive state of the market;
 - the means by which the applicant will promote the development of Canadian talent, including local and regional talent;
 - an analysis of the markets involved and potential advertising revenues, taking into account the results of any survey undertaken supporting the estimates; and
 - evidence as to the availability of financial resources consistent with the requirements established in the financial projections of the applicant's business plan.

The applications

2. Nine applications to serve Fort McMurray were considered at the 19 June 2006 Public Hearing in Edmonton. The applicants were as follows:

- Clear Sky Radio Inc. (Clear Sky)¹
- Standard Radio Inc. (Standard)
- Vista Radio Ltd. (Vista)²
- Golden West Broadcasting Ltd. (Golden West)
- Harvard Broadcasting Inc. (Harvard)
- King's Kids Promotions Outreach Ministries Inc. (King's Kids)
- Newcap Inc. (Newcap)
- Radio CJVR Ltd. (CJVR)
- Touch Canada Broadcasting Inc. (Touch Canada)

Clear Sky

3. Clear Sky proposed to establish an English-language, commercial FM radio station that would operate at 94.3 MHz (channel 232B) with an effective radiated power (ERP) of 20,000 watts. The proposed station would offer a Modern Nostalgia music format designed to appeal to listeners 45 years of age and older.

Standard

4. Standard proposed to establish an English-language, commercial FM radio station that would operate at 94.3 MHz (channel 232B) with an ERP of 20,000 watts. The proposed station would offer a Classic Hits music format designed to appeal to listeners between 25 and 54 years of age.

Vista

5. Vista proposed to establish an English-language, commercial FM radio station that would operate at 94.3 MHz (channel 232B) with an average ERP of 10,700 watts. The proposed station would offer a Classic Hits music format designed to appeal to listeners between 35 and 54 years of age.

Golden West

6. Golden West proposed to establish an English-language, commercial FM radio station that would operate at 102.9 MHz (channel 275B) with an ERP of 20,000 watts. The proposed station would offer an Adult Contemporary music format designed to appeal to listeners between 25 and 54 years of age.

¹ 1182743 Alberta Ltd. changed its name to Clear Sky Radio Inc. on 6 September 2006.

² On 31 August 2006, Vista Radio Ltd., CFCP Radio Ltd., CCIR Holdings Ltd. and Coast Radio Ltd. amalgamated under the name Vista Radio Ltd.

Harvard

7. Harvard proposed to establish an English-language, commercial FM radio station that would operate at 103.7 MHz (channel 279B) with an ERP of 20,000 watts. The proposed station would offer an Adult Contemporary music format designed to appeal to listeners between 25 and 54 years of age, turning to a Top-40 format in the evenings, targeting listeners under 25 years of age.

King's Kids

8. King's Kids proposed to establish a low-power English-language, commercial specialty FM radio station that would operate at 91.1 MHz (channel 216LP) with an ERP of 35 watts. The proposed station would offer a Christian Hot Adult Contemporary/Contemporary Hit Radio music format designed to appeal to listeners between 18 and 34 years of age. Religious spoken word programming would also be broadcast.

Newcap

9. Newcap proposed to establish an English-language, commercial FM radio station that would operate at 100.5 MHz (channel 263B) with an ERP of 20,000 watts. The proposed station would offer a Classic Hits music format designed to appeal primarily to listeners between 25 and 54 years of age.

CJVR

10. CJVR proposed to establish an English-language, commercial FM radio station that would operate at 105.9 MHz (channel 290B) with an ERP of 20,000 watts. The proposed station would offer an Adult Contemporary music format designed to appeal to listeners between 25 and 54 years of age.

Touch Canada

11. Touch Canada proposed to establish an English-language, commercial specialty FM radio station that would operate at 104.5 MHz (channel 283B) with an ERP of 20,000 watts. The proposed station would offer a Gospel music format designed to appeal to listeners between 25 and 44 years of age. Religious spoken word programming would also be broadcast.
12. The applications by Clear Sky, Standard and Vista all proposed the use of the frequency 94.3 MHz, and were thus technically mutually exclusive.

The Fort McMurray radio market and its ability to sustain a new station

13. The 2005 municipal census conducted for the city of Fort McMurray indicated a city population of nearly 61,000 persons, with an additional 9,000 persons residing in work camps in rural areas of the region associated with the oil sands development. The census study projects the city of Fort McMurray to grow to more than 80,000 persons by 2010.
14. The Fort McMurray radio market is currently served by the O.K. Radio Group Ltd.,³ which operates CKYX-FM and CJOK-FM. The Fort McMurray radio market achieved an average compound annual growth rate (CAGR) of total revenues of 10% between 2001 and 2005, representing double the average CAGR for all commercial radio stations in Canada over the same time period. In 2005, the Fort McMurray radio market achieved an aggregate profitability margin above the aggregate profit before interest and taxes (PBIT) margin for all commercial radio stations in Canada and for all commercial radio stations located in the Province of Alberta.
15. The Regional Municipality of Wood Buffalo (RMWB) and the Province of Alberta project a positive economic outlook for the Fort McMurray region, with the economy buoyed by oil sands development projects in excess of \$50 billion through 2011. According to economic studies commissioned by the RMWB and conducted in January 2006, every job created by the oil sands development projects is projected to create three other jobs within the Fort McMurray region.
16. The Commission is of the view that the positive outlook for Fort McMurray will result in steady growth for radio advertising revenues.
17. On the basis of the strength of the Fort McMurray market, its anticipated growth and the current profitability of its existing commercial radio stations, the Commission is of the view that the Fort McMurray radio market can support the introduction of three new commercial radio stations to serve Fort McMurray, including the licensing of a Christian music service, without an undue negative impact on existing stations.

Commission's assessment of the applications and summary of its decisions

18. The Commission has evaluated each of the applications for broadcasting licences for new radio services for Fort McMurray in light of the criteria set out in paragraph 1 above, and has rendered decisions that approve the establishment of three new radio stations that are summarized below.

³ The Commission is considering an application (2006-0616-3) by Rogers Broadcasting Limited to acquire from O.K. Radio Group Ltd. the assets of the following radio programming undertakings in Alberta: CJOK-FM and CKYX-FM and its transmitter CJOK-FM-1 Fort McMurray; CFGP-FM Grande Prairie and its transmitters CFGP-FM-1 Peace River and CFGP-FM-2 Tumbler Ridge; and CHDI-FM and CKER-FM Edmonton. This application was scheduled on the agenda of the 11 September 2006 Québec Public Hearing.

19. In *Adult Contemporary FM radio station in Fort McMurray*, Broadcasting Decision CRTC 2006-627, the application by Harvard for a broadcasting licence to operate an English-language, commercial FM radio station to serve Fort McMurray at 103.7 MHz is **approved**. The proposed station would offer an Adult Contemporary music format designed to appeal to listeners between 25 and 54 years of age. A minimum of 40% of all musical selections from content category 2 (Popular Music) broadcast both during the broadcast week and between 6 a.m. and 6 p.m. Monday through Friday would be Canadian selections. The proposed station would broadcast a minimum of 15 hours of structured spoken word programming per broadcast week, including 5 hours and 33 minutes of news. Harvard proposed to devote \$700,000 to Canadian talent development (CTD) over seven consecutive broadcast years upon commencement of operations.
20. In *Classic Hits FM radio station in Fort McMurray*, Broadcasting Decision CRTC 2006-628, the application by Newcap for a broadcasting licence to operate an English-language, commercial FM radio station to serve Fort McMurray at 100.5 MHz is **approved**. The proposed station would offer a Classic Hits music format designed to appeal to listeners between 25 and 54 years of age. A minimum of 35% of all musical selections from content category 2 (Popular Music) broadcast both during the broadcast week and between 6 a.m. and 6 p.m. Monday through Friday would be Canadian selections, which conforms to the minimum requirements set out in the *Radio Regulations, 1986*. The proposed station would broadcast a minimum of 13 hours of structured spoken word programming per broadcast week, including 3 hours and 30 minutes of news. Newcap proposed to devote \$525,000 to CTD over seven consecutive broadcast years upon commencement of operations.
21. In *Christian music FM radio station in Fort McMurray*, Broadcasting Decision CRTC 2006-629, the application by King's Kids for a broadcasting licence to operate an English-language, low-power, commercial specialty FM radio station to serve Fort McMurray at 91.1 MHz is **approved**. The proposed station would offer a Christian Hot Adult Contemporary/Contemporary Hit Radio music format designed to appeal to listeners between 18 and 34 years of age. At least 90% of its music would be drawn from content subcategory 35 (Non-classic religious). Some religious spoken word programming would also be broadcast. At least 15% of all musical selections from content category 3 (Special Interest Music) broadcast during each broadcast week would be Canadian selections. The proposed station would broadcast 15 hours of structured spoken word programming per broadcast week, including 4 hours of news and 6 hours of religious spoken word programming. King's Kids proposed to devote \$64,092 to CTD over seven consecutive broadcast years upon commencement of operations.
22. The Commission is confident regarding the economic growth projected for the Fort McMurray market. However, the Commission is also cognisant of the volatility of the market as a result of the strong economic dependence on the oil industry, the higher cost of living in the Fort McMurray area, and increased wage demands placed on employers. The Commission is mindful of the inherent challenges to be faced by the new market entrants both in terms of the high costs of establishing and maintaining a local radio

service in Fort McMurray and competing against an incumbent operator and its two FM stations. Accordingly, the Commission is of the opinion that new entrants in the Fort McMurray radio market require the expertise and resources of established radio broadcasters.

23. In the Commission's view, Harvard and Newcap, as established radio broadcasters, provide the expertise and resources necessary to compete in Fort McMurray. The Commission recognizes, however, that King's Kids would not require the depth of resources to operate its proposed niche specialty FM Christian music service, as this service is based on a modest business plan that would not compete directly with the existing conventional commercial services offered by the incumbent operator or by the other new stations.
24. The Commission is of the view that the decisions issued today, taken together, will increase programming diversity as well as the diversity of radio voices in the Fort McMurray market and provide significant new support for CTD and cultural diversity.
25. The Commission finds, for all of the reasons set out above and in Decisions 2006-627 to 2006-629 accompanying this public notice, that the applications by Harvard, Newcap and King's Kids best fulfil the criteria set out in paragraph 1 for evaluating competing applications for new radio stations to serve Fort McMurray.
26. Accordingly, in *Denial of applications proposing radio service for Fort McMurray*, Broadcasting Decision CRTC 2006-630, 15 November 2006, the Commission **denies** the competing applications for broadcasting licences to operate new radio stations in Fort McMurray by Clear Sky, Standard, Vista, Golden West, CJVR and Touch Canada.

Secretary General

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