



Broadcasting Decision CRTC 2007-28

Ottawa, 23 January 2007

Persona Communications Corp. or a partnership comprised of Persona Communications Corp. and a wholly owned subsidiary of Persona Communications Corp.

Delta, and Sechelt and Gibsons, British Columbia

*Applications 2006-0993-5 and 2006-0995-1
Public Hearing in the National Capital Region
14 November 2006*

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Cable distribution undertakings – Acquisition of assets

*The Commission **approves** the applications by Persona Communications Corp. (Persona), on its behalf or on behalf of a partnership comprised of Persona and a wholly-owned subsidiary of Persona, to acquire the assets of the cable distribution undertakings serving Delta, and Sechelt and Gibsons, British Columbia.*

The application

1. The Commission received applications by Persona Communications Corp. (“Persona” or “the applicant”), on its behalf or on behalf of a partnership comprised of Persona and a wholly-owned subsidiary of Persona, to acquire from Delta Cable Communications Ltd. (Delta Cable) the assets of the cable distribution undertaking serving Delta, British Columbia, and from Coast Cable Communications Ltd. (Coast Cable) the assets of the cable distribution undertaking serving Sechelt and Gibsons, British Columbia. Delta Cable and Coast Cable are both controlled by John S. Thomas and members of his family.
2. It is noted, as per the Asset Purchase Agreement dated 31 July 2006, that Delta Cable and Coast Cable may amalgamate prior to the closing of the acquisition of the undertakings by Persona. As a result, Persona would acquire the undertakings from the amalgamated company, which is to be known as Delta Coast Cable Communications Ltd. To this effect, a separate application (2006-1574-2) to effect a multi-step intra-corporate reorganization involving the amalgamation of Delta Cable and Coast Cable was filed under covering letter dated 1 December 2006. That application was approved on 22 December 2006.
3. The applicant also requested broadcasting licences to continue the operation of the above-mentioned undertakings in accordance with the *Broadcast Distribution Regulations* and under the same terms and conditions as those in effect under the current licences, as appended to this decision.

4. Persona, a corporation controlled by its board of directors, is a wholly-owned subsidiary of Canadian Cable Acquisition Holdings Company Inc., which in turn is 67% owned by 6207766 Canada Inc., a corporation equally owned by two financial institutions, and 33% owned by the non-Canadian HMTF General Partnership, a partnership that is made up of various non-Canadian family trusts and funds.
5. Persona is the licensee of two cable distribution undertakings in Ontario, one cable distribution undertaking in Newfoundland and Labrador, and a radiocommunication distribution undertaking in British Columbia. Persona also operates various exempted cable systems across Canada.
6. Persona also holds 100% of Northern Cablevision Ltd., licensee of a cable distribution undertaking in Grande Prairie, Alberta, and holds a minority interest in Cable Public Affairs Channel Inc.

Interventions

7. The Commission received one intervention by the Board of Directors of the Delta Chamber of Commerce in support of the purchase of the Delta Cable undertaking by Persona.

Commission's analysis and determinations

8. The Commission has examined the proposed transaction whereby the acquisition of the assets of the cable distribution undertakings of Delta Cable and Coast Cable would be financed by the financial institution J.P. Morgan Securities Inc. (J.P. Morgan), a non-Canadian entity. The applicant indicated that J.P. Morgan would be structuring, arranging and syndicating a term loan facility of \$90 million U.S. to Persona.
9. In response to Commission inquiries about the potential influence the non-Canadian entity might exercise over the applicant, Persona explained that while the credit agreement would contain covenants that are customary for debt financings allowing the lenders to monitor the performance and operation of the business, J.P. Morgan would not have any direct say on financial decisions or other business-related decisions. Persona further explained that J.P. Morgan would not own any shares of Persona, directly or indirectly, and would not receive an option to acquire any shares of Persona or of its parent corporation.
10. In this regard, Persona did confirm that the effective control of Persona and, if applicable, of the partnership comprised of Persona and a wholly-owned subsidiary of Persona, would be with Canadians at all times. Persona also confirmed that the composition of its Board of Directors would not be affected by the transaction.
11. In light of the above, the Commission is satisfied that this transaction is in the public interest. The Commission therefore **approves** the applications by Persona Communications Corp. or a partnership comprised of Persona Communications Corp.

and a wholly-owned subsidiary of Persona Communications Corp. to acquire the assets of the cable distribution undertaking serving Delta, British Columbia, and to acquire the assets of the cable distribution undertaking serving Sechelt and Gibsons, British Columbia.

12. The Commission will issue new broadcasting licences to Persona, upon surrender to the Commission of the licences originally issued to Delta Cable and Coast Cable and, pending the possible amalgamation of Delta Cable and Coast Cable, transferred to Delta Coast Cable Communications Ltd. The new licences will expire on 31 August 2008¹ and will be subject to the **conditions** specified therein as well as to the **conditions** set out in Appendices 1 and 2 to this decision.
13. As noted above, Delta Cable and Coast Cable may amalgamate prior to the closing of the acquisition of the undertakings by Persona. As a result, Persona would acquire the undertakings from the amalgamated company. In such a case, the Commission requests that Persona file a written confirmation of the closing of the transaction and identify the licensee of the cable distribution undertakings acquired by the applicant.

Employment equity

14. In accordance with *Implementation of an employment equity policy*, Public Notice CRTC 1992-59, 1 September 1992, the Commission encourages the applicant to consider employment equity issues in its hiring practices and in all other aspects of its management of human resources.

Secretary General

This decision is to be appended to each 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>

¹ In *Administrative Renewal*, Broadcasting Decision CRTC 2006-690, 21 December 2006, the Commission renewed the broadcasting licences for Delta Cable and for Coast Cable, from 1 September 2007 to 31 August 2008.

Appendix 1 to Broadcasting Decision CRTC 2007-28

Conditions of licence – Cable distribution undertaking serving Delta, British Columbia

1. The licensee is authorized to distribute, at its option, as part of the basic service, KING-TV (NBC), KIRO-TV (CBS), KCTS-TV (PBS) and KOMO-TV (ABC) Seattle, KVOX-TV (IND) Bellingham, and KCPQ-TV (FOX) and KSTW (IND) Tacoma, Washington, received via microwave.
2. The licensee is authorized to distribute, at its option, the audio programming services of KXXR-FM, KPLU-FM, KMPS-FM, KUOW-FM, KLTX-FM, KISW-FM, KING-FM, KEZX-FM, KSEA-FM, KPLZ-FM and KKNW-FM Seattle, and KLSY-FM Bellevue, Washington, received via microwave.
3. The licensee is relieved of the obligation that it distribute the programming of CHEK-TV Victoria on an unrestricted channel. Should the quality of the signal deteriorate significantly, the licensee shall immediately undertake any necessary corrective action, including the distribution of the service on another channel.
4. The licensee is authorized to distribute, at its option, a special programming service consisting of ethnic and multicultural programs.

It is a condition of licence that the licensee shall not distribute as part of this special programming service any commercial message other than sponsorship credits combining no more than the logo, name, address, telephone number and type of activity or profession of the sponsor. The sponsorship credits may contain sound and/or visual images, whether moving or fixed. The sponsorship credits shall have no purpose other than to acknowledge, in a concise and direct manner, the sponsor's contribution and shall at no time constitute a detailed description or promotional device.

The Commission reminds the licensee that no paid public service announcements may be distributed as part of this special programming service, other than those whose content conforms to the above-stated description of a permissible sponsorship credit.

5. The licensee is authorized to originate a video games service as a special programming service, offered on a discretionary basis, subject to the conditions listed in *Licence amendments concerning the distribution of a video games service*, Decision CRTC 95-920, 21 December 1995.

Appendix 2 to Broadcasting Decision CRTC 2007-28

Conditions of licence – Cable distribution undertaking serving Sechelt and Gibsons, British Columbia

1. The licensee is authorized to distribute, at its option, as part of the basic service, KOMO-TV (ABC), KING-TV (NBC), KIRO-TV (CBS) and KCTS-TV (PBS) Seattle, and KSTW-TV (IND) and KCPQ-TV (IND) Tacoma, Washington, received via microwave.
2. The licensee is authorized to distribute, at its option, the audio programming services of KING-FM, KEZX-FM, KSEA-FM, KPLZ-FM, KUBE, KMPS-FM, KUOW, KMBX, KYCW, KISW, KZOK-FM, KRWM and KNDD Seattle, KPLU-FM and KBSG-FM Tacoma, KCMS Edmonds and KLSY-FM Bellevue, Washington, received via microwave.
3. The licensee is relieved of the obligation that it distribute the programming of CHEK-TV Victoria on an unrestricted channel. Should the quality of the signal deteriorate significantly, the licensee shall immediately undertake any necessary corrective action, including the distribution of the service on another channel.
4. The licensee is relieved of the requirement to distribute regional station CBUFT Vancouver.
5. The licensee is relieved of the requirement to distribute the CBC's French-language television service received via satellite or microwave relay on the basic band (channels 2 to 13).
6. The licensee is authorized to originate a video games service as a special programming service, offered on a discretionary basis, subject to the conditions listed in *Licence amendments concerning the distribution of a video games service*, Decision CRTC 95-920, 21 December 1995.