



Broadcasting Public Notice CRTC 2006-144

Ottawa, 15 November 2006

Licensing of new radio stations to serve Grande Prairie, Alberta – Introduction to Broadcasting Decisions CRTC 2006-621 to 2006-624

At a public hearing commencing 19 June 2006 in Edmonton, the Commission considered 10 applications for new radio stations to serve Grande Prairie, Alberta.

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

The call for applications

1. On 12 April 2005, the Commission issued *Call for applications for a broadcasting licence to carry on radio programming undertakings to serve Grande Prairie, Alberta*, Broadcasting Public Notice CRTC 2005-30, in which it announced that it had received an application for a broadcasting licence to provide a commercial radio programming undertaking to serve Grande Prairie 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 (Decision 99-480), 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. Ten applications to serve Grande Prairie were considered at the 19 June 2006 Public Hearing in Edmonton. The applicants were as follows:
 - 1097282 Alberta Ltd. (1097282 Alberta)¹
 - Allan Hunsperger, on behalf of a corporation to be incorporated (Hunsperger)
 - Newcap Inc. (Newcap)
 - O.K. Radio Group Ltd. (O.K. Radio)²
 - Bear Creek Broadcasting Ltd. (Bear Creek)
 - Sun Country Cablevision Ltd., on behalf of a corporation to be incorporated (Sun Country)
 - Jim Pattison Broadcast Group Ltd. (the general partner) and Jim Pattison Industries Ltd. (the limited partner), carrying on business as Jim Pattison Broadcast Group Limited Partnership (Pattison)
 - Vista Radio Ltd. (Vista)³
 - Crude Communications Inc. (Crude)
 - Standard Radio Inc. (Standard)

1097282 Alberta

3. 1097282 Alberta proposed to establish an English-language, commercial FM radio station that would operate at 96.3 MHz (channel 242C1) with an effective radiated power (ERP) of 100,000 watts. The proposed station would offer a Classic Hits music format designed to appeal to listeners 25 to 44 years of age.

¹ In *Applications granted approval pursuant to streamlined procedures*, Broadcasting Public Notice CRTC 2006-107, 21 August 2006, the Commission approved the transfer of ownership and effective control of 1097282 Alberta Ltd. to Radio CJVR Ltd.

² 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: CFGP-FM Grande Prairie and its transmitters CFGP-FM-1 Peace River and CFGP-FM-2 Tumbler Ridge; CJOK-FM and CKYX-FM and its transmitter CJOK-FM-1 Fort McMurray; and CHDI-FM and CKER-FM Edmonton. This application was scheduled on the agenda of the 11 September 2006 Québec Public Hearing.

³ On 31 August 2006, Vista Radio Ltd., CFCP Radio Ltd., CCIR Holdings Ltd. and Coast Radio Ltd. amalgamated as Vista Radio Ltd.

Hunsperger

4. Hunsperger proposed to establish an English-language, commercial specialty FM radio station that would operate at 96.3 MHz (channel 242C1) with an ERP of 100,000 watts. The proposed station would offer a Gospel music format with some religious spoken word programming, designed to appeal to listeners 25 to 44 years of age.

Newcap

5. Newcap proposed to establish an English-language, commercial FM radio station that would operate at 98.9 MHz (channel 255C1) with an ERP of 100,000 watts. The proposed station would offer a Classic Hits music format designed to appeal to listeners 18 to 64 years of age.

O.K. Radio

6. O.K. Radio proposed to establish an English-language, commercial FM radio station that would operate at 99.1 MHz (channel 256C1) with an average ERP of 66,000 watts. The proposed station would offer a New and Classic Rock music format designed to appeal to listeners 25 to 44 years of age.

Bear Creek

7. Bear Creek proposed to establish an English-language, commercial FM radio station that would operate at 103.3 MHz (channel 277C1) with an ERP of 100,000 watts. The proposed station would offer a Classic Rock/Classic Hits music format designed to appeal to listeners 35 to 54 years of age.

Sun Country

8. Sun Country proposed to establish an English-language, commercial FM radio station that would operate at 103.3 MHz (channel 277C1) with an ERP of 100,000 watts. The proposed station would offer a Classic and New Rock music format designed to appeal to listeners 18 to 54 years of age.

Pattison

9. Pattison proposed to establish an English-language, commercial FM radio station that would operate at 104.7 MHz (channel 284C1) with an ERP of 100,000 watts. The proposed station would offer a Classic Rock music format designed to appeal to listeners 35 to 54 years of age.

Vista

10. Vista proposed to establish an English-language, commercial FM radio station that would operate at 104.7 MHz (channel 284C) with an ERP of 100,000 watts. The proposed station would offer a Classic Rock music format designed to appeal to listeners 35 to 44 years of age.

Crude

11. Crude proposed to establish a low-power, English-language, commercial FM radio station that would operate at 95.5 MHz (channel 238LP) with an ERP of 50 watts. The proposed station would offer a Classic Rock/New Rock music format designed to appeal to listeners 20 to 54 years of age.

Standard

12. Standard proposed to establish an English-language, commercial FM radio station that would operate at 101.9 MHz (channel 270C1) with an ERP of 100,000 watts. The proposed station would offer a Soft Adult Contemporary music format designed to appeal to listeners 25 to 54 years of age.
13. Several of the applications set out above are mutually exclusive on a technical basis. Both 1097282 Alberta and Hunsperger are technically mutually exclusive, proposing the use of frequency 96.3 MHz. Newcap and O.K. Radio were also technically mutually exclusive, proposing the use of frequency 98.9 MHz (in the case of Newcap Inc.) and 99.1 MHz (in the case of O.K. Radio). The applications by Bear Creek and Sun Country each proposed the use of frequency 103.3 MHz, while Pattison and Vista both proposed the use of 104.7 MHz.

The Grande Prairie radio market and its ability to sustain a new station

14. The 2006 population of the Grande Prairie Census Agglomeration (CA) is estimated by Financial Post Markets (FP Markets) to be 43,171, representing a total population growth rate in excess of 16% since the 2001 Census conducted by Statistics Canada. FP Markets projects that the Grande Prairie market will grow to more than 47,000 persons by 2011. Grande Prairie is an essential service centre to the Peace Country in Northern Alberta and Northeast British Columbia. The population of this extended area is in excess of 200,000 persons.
15. The Grande Prairie radio market is currently served by two commercial radio stations, CFGP-FM, operated by O.K Radio, and CJXX-FM, operated by Pattison. Since 2001, the Grande Prairie radio market has experienced continued revenue growth and has consistently 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.
16. The Municipality of Grande Prairie, the Province of Alberta and FP Markets all project a positive economic outlook for the Grande Prairie area, with strong projected average annual growth in retail sales of 8.5% through 2011, a low unemployment rate, and a household income 5% higher than the average for the Province of Alberta. The Commission is of the view that the positive outlook for Grande Prairie will result in steady growth for radio advertising revenues.
17. On the basis of the strength of the Grande Prairie market and the current profitability of the existing local commercial radio stations, the Commission is of the view that the Grande Prairie radio market can support the introduction of three new commercial radio stations to serve Grande Prairie, including the licensing of a specialty 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 Grande Prairie 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.

19. In *Classic Rock/Classic Hits FM radio station in Grande Prairie*, Broadcasting Decision CRTC 2006-621, 15 November 2006, the application by Bear Creek for a broadcasting licence to operate a new English-language commercial FM radio station to serve Grande Prairie at 103.3 MHz is **approved**. This will represent Bear Creek's first licence to operate a radio station. The applicant proposed to offer a Classic Rock/Classic Hits music format designed to appeal to listeners between the ages of 35 and 54. A minimum of 40% of all musical selections from content category 2 (Popular Music) aired both during the broadcast week and between 6 a.m. and 6 p.m. Monday through Friday would be Canadian selections. Bear Creek also proposed to contribute \$420,000 to Canadian talent development (CTD) over seven consecutive broadcast years, upon commencement of operations. The proposed station would broadcast a weekly minimum of 12 hours and 15 minutes of structured spoken word programming, including news. All programming would be locally produced.

20. In *Classic Rock FM radio station in Grande Prairie*, Broadcasting Decision CRTC 2006-622, 15 November 2006, the application by Vista for a broadcasting licence to operate a new English-language commercial FM radio station to serve Grande Prairie at 104.7 MHz is also **approved**. Vista is the licensee of a number of radio stations in the interior region of British Columbia. The applicant proposed to offer a Classic Rock music format designed to appeal to listeners between the ages of 35 and 44. 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 Regulations). Vista also proposed to contribute \$500,000 to CTD over seven consecutive broadcast years, upon commencement of operations. The proposed station would broadcast a total of 10 hours and 24 minutes of structured spoken word programming each broadcast week, including 6 hours of news, at least 80% of which would be local.

21. Finally, in *Christian music FM radio station in Grande Prairie*, Broadcasting Decision CRTC 2006-623, 15 November 2006, the application by Hunsperger for a broadcasting licence to operate a new English-language commercial Christian music specialty FM radio station to serve Grande Prairie at 96.3 MHz is **approved**. The new station will offer a Christian music format featuring predominantly adult-oriented Gospel music, targeted to the 25 to 44 year old demographic. A minimum of 10% of all musical selections from content category 3 (Special Interest Music) broadcast during the broadcast week will be Canadian selections, which conforms to the minimum requirement set out in the Regulations. Hunsperger also proposed to contribute \$112,000 to CTD over seven consecutive broadcast years, upon commencement of operations. The proposed station will broadcast a total of 31 hours of structured spoken word programming each broadcast week, including 6 hours and 6 minutes of news, weather and sports, plus 15 hours of religious spoken word programming.

22. The Commission is of the view that the decisions issued today, taken together, will increase programming diversity, augment the diversity of radio voices in the Grande Prairie market and provide significant new support for CTD and cultural diversity.
23. The Commission is of the opinion that the size and stability of the Grande Prairie and surrounding area radio market provides an opportunity for the introduction of regional ownership through the licensing of Vista, and local ownership through the licensing of Bear Creek, a new, independent entrant into the Canadian broadcasting system.
24. In the case of the new Christian music service, the Commission recognizes that it would offer niche programming based on a modest business plan, and that the new station would not directly compete with the conventional commercial services offered by either the incumbent stations in the market or the other stations approved today.
25. The Commission is mindful that the applications by Bear Creek and Vista proposed similar musical formats. However, while both new stations will broadcast classic rock music, Bear Creek indicated that approximately 35% of all musical selections offered by its proposed station would be classic hits.
26. The Commission notes that musical formats are not regulated and may be changed to suit market realities at any time. In the case of Bear Creek, the applicant indicated at the hearing that it intends to conduct market research to determine an appropriate alternative music format for use in Grande Prairie, should such a change become necessary. The Commission also notes Vista's indication, in its application and at the hearing, that a Classic Hits music format would be a possible alternate music format for its proposed station. Vista indicated that the use of such an alternate format would not result in any changes to its projections or to its business plan.
27. In Decision CRTC 99-480, the Commission outlined factors relevant to the evaluation of applications. Diversity of news voices, the market impact of a new entrant and the competitive state of the market are all evaluated. In addition to those factors, quality of the application (including the business plan and the proposed format) is taken into account, with consideration also given to "the manner in which applicants intend to reflect their local community, including the community's diversity and distinctiveness. The Commission will therefore examine local programming proposals and the benefits that the applicant will bring to the community."
28. In this regard, the Commission considers that, musical formats aside, both Bear Creek and Vista have provided other significant programming commitments that will ensure diversity between the two new stations and that will serve the Grande Prairie community.

29. The Commission finds, for all of the reasons set out above and in Decisions 2006-621 to 2006-623 accompanying this public notice, that the applications by Bear Creek, Vista and Hunsperger best fulfil the criteria set out in paragraph 1, for evaluating competing applications for new radio stations to serve Grande Prairie.

30. Accordingly, in *Denial of applications proposing radio services for Grande Prairie, Alberta*, Broadcasting Decision CRTC 2006-624, 15 November 2006, the Commission **denies** the seven remaining applications for broadcasting licences to operate new radio stations in Grande Prairie by 1097282 Alberta, Newcap, O.K. Radio, Sun Country, Pattison, Crude and Standard.

Secretary General

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