



Broadcasting Decision CRTC 2018-24

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References: 2017-316 and 2017-316-1

Ottawa, 22 January 2018

2044577 Alberta Ltd.
Strathmore, Alberta

Public record for application 2017-0478-4
Public hearing in Toronto, Ontario
28 November 2017

CKOV-FM Strathmore – Acquisition of assets

*The Commission **approves** an application by 2044577 Alberta Ltd. for authority to acquire from Clear Sky Radio Ltd. the assets of the English-language commercial radio station CKOV-FM Strathmore, Alberta, approved in Broadcasting Decision 2014-637, and for a broadcasting licence to operate the station under the terms and conditions of licence specified in that decision.*

Background

1. In Broadcasting Decision 2014-637, the Commission approved an application by Clear Sky Radio Ltd. (Clear Sky), as part of a non-competitive process, for a broadcasting licence to operate an English-language commercial radio station in Strathmore, Alberta. That station, CKOV-FM Strathmore, has not yet commenced operations.

Application

2. 2044577 Alberta Ltd. (2044577 Alberta) filed an application for authority to acquire from Clear Sky the assets of CKOV-FM. The applicant also requested a new broadcasting licence to operate the unlaunched undertaking under the terms and condition of licence specified in Broadcasting Decision 2014-637. The Commission received an intervention in support of this application.
3. 2044577 Alberta is jointly controlled by Ms. Mary McKinnon Mills and Mr. Paul Larsen, both Canadians as defined in the *Direction to the CRTC (Ineligibility of Non-Canadians)* (the Direction). Ms. McKinnon Mills and Mr. Larsen each hold 37.5% of the shares of 2044577 Alberta, through their respective trusts. Golden West Broadcasting Ltd. (Golden West), which is controlled by Mr. Elmer Hildebrand, also a Canadian as defined in the Direction, holds the remaining 25% of shares. Clear Sky, the current owner of CKOV-FM, is also jointly controlled by Ms. McKinnon Mills and Mr. Larsen.
4. Pursuant to verbal agreements, the purchase price for CKOV-FM would be \$0. Golden West would subscribe for 25% of the shares of 2044577 Alberta for \$25. Following the

close of the transaction, Ms. McKinnon Mills and Mr. Larsen would continue to jointly control 2044577 Alberta.

Regulatory framework

5. The review of ownership transactions is an essential element of the Commission's regulatory and supervisory mandate under the *Broadcasting Act* (the Act). Since the Commission does not solicit competitive applications for changes in effective control of broadcasting undertakings, the onus is on the applicant to demonstrate that approval is in the public interest, that the benefits of the transaction are commensurate with the size and nature of the transaction and that the application represents the best possible proposal under the circumstances.
6. The Commission must consider each application on its merits, based on the circumstances specific to the application. In addition, the Commission must be assured that approval of a proposed ownership transaction furthers the public interest as expressed in the objectives set out in section 3(1) of the Act.

Issues

7. After examining the public record for this application in light of applicable regulations and policies, the Commission considers that it must address the following issues:
 - whether the proposed transaction would be in the public interest;
 - tangible benefits stemming from the transaction; and
 - the deadline for the commencement of operations of CKOV-FM.

Public interest

8. When it approved the application by Clear Sky for a broadcasting licence to operate an English-language commercial radio station in Strathmore, the Commission stated that the new local service for that community would increase the diversity of radio programming available to its listeners with the news, information and music that it would provide, and would serve as a local advertising platform.
9. In addition, the Commission noted Clear Sky's commitment to devote \$84,000 to Canadian content development (CCD) in its first seven years of operation, over and above the required basic annual CCD contribution set out in section 15 of the *Radio Regulations, 1986* (the Regulations). The applicant also committed to devote at least 40% of all content category 2 (Popular Music) musical selections broadcast during the broadcast week and between 6 a.m. and 6 p.m. from Monday to Friday to Canadian selections, which exceeds the 35% minimum required by the Regulations. 2044577 Alberta stated that it would adhere to the above commitments, and would serve Strathmore with consistently local content that is relevant to the community, both on air and online.

10. Clear Sky submitted that due to the downturn in Alberta's economy, it was necessary to revise its original plans for the radio station, which were based on the launch of two radio services, only one of which was approved by the Commission. It stated that its proposed partnership with Golden West targets the Strathmore radio market only and that CKOV-FM would benefit from Golden West's knowledge of small radio markets, particularly near metropolitan areas. Clear Sky also cited Golden West's well-established digital strategy, its creation of a number of portals for small populations, and its success in launching new stations with state-of-the-art technology. In Clear Sky's view, launching CKOV-FM in partnership with Golden West would increase the station's chances of success.
11. Given the benefits that the proposed transaction would provide to the broadcasting system and to the population of Strathmore, the Commission finds that approval of the present application would be in the public interest.

Tangible benefits

12. In Broadcasting Regulatory Policy 2014-459, the Commission set out the requirement that tangible benefits generally be provided as part of changes in the effective control of radio services. Given that the present transaction does not result in a change in the effective control of CKOV-FM, it is not subject to the payment of tangible benefits.

Deadline for commencement of operations of CKOV-FM Strathmore

13. As set out in the appendix to Broadcasting Decision 2014-637, Clear Sky had until 9 December 2016 to commence the operation of the new station, unless a request for an extension of time was approved by the Commission before that date. In a letter dated 3 October 2016, the Commission approved an application by Clear Sky to extend that deadline to 9 December 2018 and informed Clear Sky that the authority granted in Broadcasting Decision 2014-637 would become null and void should it fail to meet that final deadline. As set out in the appendix to this decision, the Commission has maintained the 9 December 2018 deadline to commence the operation of CKOV-FM.

Conclusion

14. In light of all of the above, the Commission **approves** the application by 2044577 Alberta Ltd. for authority to acquire from Clear Sky Radio Ltd. the assets of the English-language commercial radio programming undertaking CKOV-FM Strathmore, Alberta. The terms and **conditions of licence** that will apply to the broadcasting licence to be issued to 2044577 Alberta at a future date are set out in the appendix to this decision. The Commission will only issue a licence for the undertaking once the applicant has satisfied the Commission that it has met all the requirements set out in the appendix to this decision.
15. The Commission also **directs** 2044577 Alberta Ltd. to file, within 30 days of the signature, any agreement reached at a later date by the parties to the present transaction.

Secretary General

Related documents

- *English-language FM radio station in Strathmore*, Broadcasting Decision CRTC 2014-637, 9 December 2014
- *Simplified approach to tangible benefits and determining the value of the transaction*, Broadcasting Regulatory Policy CRTC 2014-459, 5 September 2014

This decision is to be appended to the licence.

Appendix to Broadcasting Decision CRTC 2018-24

Terms, conditions of licence, expectation and encouragement for the English-language commercial radio programming undertaking CKOV-FM Strathmore, Alberta

Terms

The licence will expire 31 August 2021.

The station will operate at 104.5 MHz (channel 238B1) with an average effective radiated power (ERP) of 2,800 watts (maximum ERP of 7,000 watts with an effective height of antenna above average terrain of 101.5 metres).

Pursuant to section 22(1) of the *Broadcasting Act*, no licence may be issued until the Department of Industry notifies the Commission that its technical requirements have been met and that a broadcasting certificate will be issued.

Furthermore, 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 **9 December 2018**. Should the applicant fail to meet that deadline, the authority granted by the Commission in *English-language FM radio station in Strathmore*, Broadcasting Decision CRTC 2014-637, 9 December 2014, will become null and void.

Conditions of licence

1. The licensee shall adhere to the conditions set out in *Conditions of licence for commercial AM and FM radio stations*, Broadcasting Regulatory Policy CRTC 2009-62, 11 February 2009, as well as to the conditions set out in the broadcasting licence for the undertaking.
2. The licensee shall, as an exception to the percentage of Canadian musical selections set out in sections 2.2(8) and 2.2(9) of the *Radio Regulations, 1986* (the Regulations), devote:
 - in each broadcast week, at least 40% of its musical selections from content category 2 (Popular Music) to Canadian selections broadcast in their entirety; and
 - between 6 a.m. and 6 p.m., in any period beginning on Monday of a week and ending on Friday of the same week, at least 40% of its musical selections from content category 2 to Canadian selections broadcast in their entirety.

For the purposes of this condition, the terms “broadcast week,” “Canadian selection,” “content category” and “musical selection” shall have the same meanings as those set out in the Regulations.

3. In addition to the basic annual contribution to Canadian content development, set out in section 15 of the *Radio Regulations, 1986*, the licensee shall, upon commencement of operations, make an annual contribution of \$12,000 (\$84,000 over seven consecutive

broadcast years) to the promotion and development of Canadian content. Of this amount, at least 20% per broadcast year shall be devoted to FACTOR or MUSICACTION. The remainder shall be allocated to parties and initiatives fulfilling the definition of eligible initiatives set out in paragraph 108 of *Commercial Radio Policy 2006*, Broadcasting Public Notice CRTC 2006-158, 15 December 2006.

Expectation

The Commission expects the licensee to reflect the cultural diversity of Canada in its programming and employment practices.

Encouragement

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