



## Broadcasting Decision CRTC 2006-349

Ottawa, 10 August 2006

### **Radio Nord Communications inc.**

Donnacona and Sainte-Croix-de-Lotbinière, Quebec

*Applications 2004-0764-4 and 2004-1220-6*

*Public Hearing in Québec, Quebec*

*20 March 2006*

### **CKNU-FM Donnacona and CKNU-FM-1 Sainte-Croix-de-Lotbinière – Licence renewal and amendment**

*In this decision, the Commission **renews** the broadcasting licence for the radio station CKNU-FM Donnacona and its transmitter CKNU-FM-1 Sainte-Croix-de-Lotbinière from 1 September 2006 to 31 August 2012. The Commission **approves** the licensee's proposed amendment to delete the condition of licence restricting the solicitation of advertising to the Portneuf area. The Commission also **approves** the request to change the authorized contours of CKNU-FM by decreasing the effective radiated power from 3,100 watts to 1,585 watts, by increasing the antenna height and by relocating the transmitter from its current site in Saint-Raymond to the summit of Mont Bélair.*

### **Background**

1. The application by Radio Nord Communications inc. (Radio Nord) to change the technical parameters of CKNU-FM Donnacona is one of ten requests to serve Québec that were considered at the 20 March 2006 Public Hearing in Québec. Six of these applications were for licences to operate new FM stations, of which four proposed to serve the city of Québec and two proposed to serve the city of Lévis. Three applications proposed to change the authorized contours of FM stations in the Québec area with the result that these stations could be considered as serving the Québec market. One final application proposed to operate a new AM station at Lévis. Some of these applications were also technically mutually exclusive as they proposed the use of the same frequencies in this market.
2. The Commission's determination regarding the ability of the Québec market to support new stations serving this market is set out in *Licensing of new radio stations and licence amendments for radio stations in the area of Québec, Quebec – Introduction to Broadcasting Decisions CRTC 2006-348 to 2006-351*, Broadcasting Public Notice CRTC 2006-101, of today's date. In *French-language specialty FM radio station in Québec*, Broadcasting Decision CRTC 2006-348, of today's date, the Commission has approved the application by 9147-2605 Québec inc. to operate a new commercial specialty FM station in Québec. In *CFEL-FM Montmagny – Technical change*, Broadcasting Decision CRTC 2006-350, of today's date, the Commission has approved an application by 591991 B.C. Ltd. to change the technical parameters of CFEL-FM

Montmagny as proposed. In *Denial of applications proposing radio service for Québec and the region*, Broadcasting Decision CRTC 2006-351, of today's date, the Commission has denied the other competitive applications considered at the same public hearing.

### **The applications**

3. The Commission received an application by Radio Nord to renew the broadcasting licence for the French-language commercial radio programming undertaking CKNU-FM Donnacona and its transmitter CKNU-FM-1 Sainte-Croix-de-Lotbinière. In its licence renewal application, Radio Nord proposed to delete the condition of licence restricting the solicitation of advertising to the Portneuf area. The licensee also filed another application proposing to change the authorized contours of CKNU-FM by decreasing the effective radiated power (ERP) from 3,100 watts to 1,585 watts, by increasing the antenna height and by relocating the transmitter from its current site in Saint-Raymond to the summit of Mont Bélair.<sup>1</sup>

### **Interventions**

4. The Commission received several interventions concerning this application. The majority of these interventions were in support of the application, some opposed it and a few provided comments.
5. The Association québécoise de l'industrie du disque, du spectacle et de la vidéo (ADISQ) asked the Commission to consider the factors relevant to the evaluation of applications as outlined in *Introductory statement – Licensing new radio stations*, Decision CRTC 99-480, 28 October 1999, when evaluating each application heard at the 20 March 2006 Public Hearing. ADISQ emphasized the importance of the commitments each applicant is required to make with respect to Canadian content, French-language vocal music and Canadian talent development (CTD), including the promotion of new artists. It added that it would not oppose a licence renewal application for CKNU-FM that did not include the proposed amendments to expand the station's authorized contours and to delete the condition of licence restricting the solicitation of advertising to the Portneuf area.
6. MBL Communication Média inc. and Cogeco Diffusion inc. (Cogeco), the licensee of CJEC-FM and CJMF-FM Québec, expressed doubts as to the market's economic capacity to accommodate a new private commercial radio station. Cogeco did not oppose renewing the licence of CKNU-FM, but categorically opposed the proposed amendments. Cogeco noted that the Commission has already heard applications for similar amendments on two occasions, that Cogeco opposed them both times, and that the Commission denied them. Cogeco argued that the decision should not be reversed because CKNU-FM's ownership has changed hands.

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<sup>1</sup> The Commission notes that Radio Nord took over the applications filed by the previous licensee before the Commission approved Radio Nord's application to acquire this station's assets. See *Acquisition of assets – CKNU-FM Donnacona and CKNU-FM-1 Sainte-Croix-de-Lotbinière*, Broadcasting Decision CRTC 2005-603, 23 December 2005.

7. The Association des radiodiffuseurs communautaires du Québec (ARCQ) opposed the proposed technical changes and the deletion of the condition of licence prohibiting the licensee from selling advertising in Québec. ARCQ argued that the station is moving away from its regional mandate and has its eye on the Québec market, without consideration for the residents of Portneuf.
8. As a citizen and listener, Mr. Christian Cantin opposed expanding CKNU-FM's contours, alleging that the goal of the application was to broadcast the program hosted by André Arthur to a wider audience.
9. The Commission notes that the interventions by ADISQ, ARCQ and Mr. Cantin were filed before the Commission approved the application authorizing Radio Nord to acquire the assets of CKNU-FM. Radio Nord did not respond to the interventions.

### **Technical changes**

10. Radio Nord placed its application to change CKNU-FM's technical parameters within the context of the station's precarious financial situation, which, according to the licensee, is the result of its proximity to the large Québec market. Radio Nord stated at the public hearing that, according to the market studies filed with its application, 76% of CKNU-FM's audience is in the Québec market, meaning that the station already depends on that market for its survival, given that less than one quarter of its listenership is in its own market in Donnacona. However, the licensee reported receiving numerous complaints from its Québec listeners about the quality of its signal.
11. Radio Nord added that CKNU-FM has to compete with Québec radio stations, which dominate its market and capture 74% of listeners in the regional county municipality of Portneuf. According to the licensee, this extremely competitive environment, together with the current condition of licence prohibiting it from soliciting advertising in Québec, is in large part the reason that the station has been in a deficit position since it began operations, with the exception of last year. The licensee also pointed out that, according to the studies filed with its application, the Donnacona market cannot support a commercial radio station on its own, given its flagging business climate.
12. When questioned at the public hearing about the impact of the proposed technical changes on signal quality in the Portneuf area, Radio Nord replied that the quality of its signal would improve. The licensee stated that it had received a number of signal quality complaints from residents of Sainte-Catherine, Valcartier and Saint-Raymond, and that relocating the antenna to the summit of Mont Bélair would remedy the problem. Radio Nord added that keeping the transmitter in Sainte-Croix-de-Lotbinière would improve the signal quality in a portion of the Portneuf area and at the same time allow it to maintain signal quality in lower town Donnacona.

13. In response to the Commission's concerns regarding the priority Radio Nord intends to give to its Portneuf listeners, Radio Nord committed, by condition of licence, to maintain a local presence in Portneuf through its local studios. Radio Nord further committed, by condition of licence, to devote no less than 14 hours per broadcast week to programming produced locally in its Donnacona studio and targeting listeners in the Portneuf area.

#### **Commission's analysis and determination**

14. The Commission notes that the proposed changes to the technical parameters will move the station's contours significantly and in such a way as to encompass Québec. Together with the proposed deletion of the condition of licence regarding the solicitation of advertising, the station could be considered a station serving the Québec market.
15. The Commission is satisfied with Radio Nord's explanations and assurances in response to concerns about the proposed technical changes. The Commission considers that these technical changes will enable CKNU-FM to improve the quality of its signal while optimizing frequency use, and to compete on a more equal footing with Québec radio stations, thus ensuring its survival over the long term.
16. The Commission considers it important that the station continue serving its primary market in Portneuf appropriately. Pursuant to the commitments made at the public hearing, the licensee will be required, by **conditions of licence**, to maintain a studio in Donnacona and to broadcast no less than 14 hours of local programming produced at its Donnacona studio and targeting residents of the Portneuf area.
17. Accordingly, the Commission **approves** the application by Radio Nord Communications inc. to change the authorized contours of CKNU-FM by decreasing the ERP from 3,100 watts to 1,585 watts, by increasing the antenna height and by relocating the transmitter from its current site in Saint-Raymond to the summit of Mont Bélair.

#### **Licence renewal**

18. Radio Nord stated at the public hearing that the objective of its action plan for the next licence term is to revitalize CKNU-FM with a pop/rock and urban musical format targeting listeners aged 18 to 34 years, with those aged 18 to 24 years as its core target group. The licensee added that, according to a market study it commissioned, the 18 to 24 years age group is not a priority target for Québec radio stations. The licensee thus intends to fill that need using a concept called TAG Radio, which will be aimed specifically at young people in this market. Radio Nord is satisfied that the new music format will provide true diversity and complement existing radio offerings in the Québec area.
19. With respect to news programming, Radio Nord indicated that one reporter will cover events in Québec and Donnacona; however, the licensee plans to involve all the station's hosts in these activities, including those broadcasting live from Donnacona or Québec and those broadcasting live from vehicles. The licensee also intends to create an Internet-based network where listeners can supply the station with information.

20. CKNU-FM will produce 18 hours and 51 minutes of spoken word programming, including news programming, each week. According to Radio Nord, 53% of the news will be regional, national and international, and 47% will be local. In actual terms, three hours per week will be devoted to information, of which one hour and 36 minutes will consist of regional, national and international news, and one hour and 24 minutes will consist of local news: 56 minutes for Québec and 28 minutes for Donnacona.
21. Radio Nord stated that it is prepared to retain the condition of licence requiring it to devote 45% or more of its musical selections to Canadian selections drawn from category 2 (Popular Music), from 6:00 a.m. to 6:00 p.m., Monday to Friday, and throughout the broadcast week.
22. Radio Nord will not participate in the CTD plan established by the Canadian Association of Broadcasters (CAB). Instead, Radio Nord committed to expend a minimum yearly amount of \$39,260 for CTD. The licensee will disburse \$10,000 annually to MusicAction, for a total of \$70,000 over seven years. CKNU-FM will also broadcast the “La Relève” contest and will produce one CD each year, representing a \$22,000 investment. The station will also organize a gala featuring artists from the “La Relève” contest, which will represent an annual investment of \$7,260. In total, the licensee committed to expend \$274,820 directly to CTD over seven consecutive years.
23. The Commission is satisfied with Radio Nord’s commitments for the next licence term. The licensee will be required, by **conditions of licence**, to adhere to its Canadian content commitments for category 2 musical selections, and to its CTD expenditure commitments.
24. Accordingly, the Commission **renews** the broadcasting licence for the French-language commercial radio programming undertaking CKNU-FM Donnacona and its transmitter CKNU-FM-1 Sainte-Croix-de-Lotbinière from 1 September 2006 to 31 August 2012.<sup>2</sup> The licence will be subject to the **conditions** set out in *New licence form for commercial radio stations*, Public Notice CRTC 1999-137, 24 August 1999, with the exception of condition 5, as well as to the **conditions** set out in the appendix to this decision.

### **Deletion of the condition restricting the solicitation of advertising**

25. In its licence renewal application for CKNU-FM, Radio Nord asked the Commission to delete the condition of licence restricting the solicitation of advertising to the Portneuf area. As mentioned above, the reason for the request was that most of the station’s current listenership is in Québec. The licensee further maintained that, given the current situation, a local radio station would need to capture 50% to 60% of the Donnacona market to survive, which is unthinkable because 76% of the Donnacona audience listens to stations in the Québec market.

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<sup>2</sup> The Commission has already renewed this licence twice administratively. See *Administrative renewals*, Broadcasting Decision CRTC 2005-229, 1 June 2005, and *Administrative renewal*, Broadcasting Decision CRTC 2006-168, 24 April 2006.

26. Radio Nord explained that under the station's old format, Québec listeners accounted for three quarters of the station's listenership and that, given demographic realities, this will remain the same with the new format primarily targeting those aged 18 to 24 years. According to the licensee, for this category of audience, deleting the condition of licence in question will be in the best interests of both Portneuf listeners and those in the Québec market. The licensee also claimed that a denial of this request could compromise its business plan.
27. When asked whether keeping its transmitter in Sainte-Croix-de-Lotbinière could give it a competitive edge over Québec's other radio stations, the licensee replied that it would derive no benefit with the exception of offering better coverage to the region. The licensee also pointed out again that the transmitter is required to cover the entire Donnacona area adequately.

#### **Commission's analysis and determination**

28. Given CKNU-FM's long-standing financial problems, the Commission considers that this situation cannot be resolved by maintaining the status quo. In examining the licensee's application, the Commission took into account its plans to revitalize the station with a new pop/rock and urban musical format targeting listeners aged 18 to 34 years. This format will provide diversity and will complement existing radio offerings in the Québec market.
29. The Commission also considered the fact that CKNU-FM currently derives revenues from the Québec market, thus mitigating the impact on existing radio stations. The deletion of the current condition of licence restricting the solicitation of advertising should give the station new impetus and enable it to compete with other Québec radio stations, and at the same time maintain a dynamic local presence in the Portneuf area.
30. Accordingly, the Commission **approves** Radio Nord Communications inc.'s request and deletes the condition of licence restricting CKNU-FM to soliciting advertising in the Portneuf area.

#### **Employment equity**

31. Because this licensee is subject to the *Employment Equity Act* and files reports concerning employment equity with the Department of Human Resources and Skills Development, its employment equity practices are not examined by the Commission.

Secretary General

*This decision is to be appended to the 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>*

## Appendix to Broadcasting Decision CRTC 2006-349

### Conditions of licence

1. The licence is subject to the conditions set out in *New licence form for commercial radio stations*, Public Notice CRTC 1999-137, 24 August 1999, with the exception of condition 5.
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*, in any broadcast week:
  - a) in that broadcast week, devote 45% or more of its musical selections from content category 2 to Canadian selections broadcast in their entirety; and
  - b) between 6 a.m. and 6 p.m., in the period beginning on Monday of that week and ending on Friday of the same broadcast week, devote 45% or more 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 musical selection” and “musical selection” shall have the meaning set out in the *Radio Regulations, 1986*. The term “category” shall have the same meaning as “content category” set out in the same Regulations.

3. The licensee shall maintain a studio in Donnacona to ensure local coverage and a local presence.
4. During each broadcast week, the licensee shall broadcast no less than 14 hours of local programming produced at its Donnacona studio and targeting residents of the Portneuf area.
5. The licensee shall expend no less than \$39,260 annually in direct expenditures to Canadian talent development (CTD) over seven consecutive years, beginning in the first year of the new licence term.

The Commission reminds the licensee that all CTD expenditures must be made in accordance with the Commission’s policy on qualifying contributions to CTD, as set out in Appendix 1 to *An FM policy for the nineties*, Public Notice CRTC 1990-111, 17 December 1990.