



Broadcasting Public Notice CRTC 2006-98

Ottawa, 2 August 2006

Acquisition of assets of a Lethbridge, Alberta radio station, and licensing of a new radio station to serve Lethbridge – Introduction to Broadcasting Decisions CRTC 2006-327 to 2006-329

At a public hearing commencing 21 February 2006 in Calgary, the Commission considered five applications relating to commercial radio stations to serve Lethbridge. One of the applications requested approval to acquire the assets of an existing radio station, and for technical amendments for that station. The remaining four applications each proposed to establish a new FM radio station to serve Lethbridge.

This notice describes the various applications and sets out the Commission's determinations with respect to the ability of the Lethbridge market to absorb additional radio stations. This notice also summarizes the Commission's decision to approve the applications to acquire the assets of an existing radio station, and for technical amendments for that station, as well as to approve one of the applications to establish a new FM radio station to serve Lethbridge.

The call for applications

1. On 14 July 2005, the Commission issued *Call for applications for broadcasting licences to carry on radio programming undertakings to serve Lethbridge, Alberta*, Broadcasting Public Notice CRTC 2005-67, in which it announced that it had received an application related to radio service in Lethbridge, Alberta, 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 will make to achieving the objectives established in the *Broadcasting Act* (the 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. The Commission received four applications in response to its call. These, together with the application that prompted the call, were considered at the 21 February 2006 Public Hearing in Calgary, Alberta. The applicants, in the order of their appearance at the public hearing, were as follows:
 - Golden West Broadcasting Ltd. (Golden West),
 - Vista Radio Ltd. (Vista),
 - Newcap Inc. (Newcap),
 - 1182743 Alberta Ltd. (1182743 Alberta), and
 - Touch Canada Broadcasting Inc. (Touch Canada).
3. The applications by Vista, Newcap and 1182743 Alberta all proposed the use of the frequency 94.1 MHz, and were thus technically mutually exclusive.

Golden West

4. Golden West proposed to acquire from Spirit Broadcasting Ltd. (Spirit) the assets of the existing English-language, low-power Specialty FM radio programming undertaking CJTS-FM Lethbridge, and to amend the broadcasting licence of CJTS-FM by changing the frequency from 97.1 MHz (channel 246LP) to 98.1 MHz (channel 251B). Golden West also proposed to change the authorized contours of CJTS-FM by increasing the effective radiated power from 50 watts to 20,000 watts, by increasing the antenna height and by relocating the transmitter. The applicant further requested a licence to continue the operation of CJTS-FM upon surrender of the current licence issued to Spirit.
5. If this application were approved, the authorized contours of CJTS-FM would increase significantly, and the proposed increase in power would result in a change of status for CJTS-FM, from a low-power unprotected service, to a regular Class B FM station.
6. Golden West made a commitment that, if its application were approved, CJTS-FM would continue to offer a Christian music format.

Vista

7. Vista proposed to establish an English-language commercial FM radio station in Lethbridge that would operate at 94.1 MHz (channel 231C). The proposed station would provide a Classic Hits music format, targeting adult listeners aged 35 to 54.

Newcap

8. Newcap proposed to establish an English-language commercial FM radio station in Lethbridge that would operate at 94.1 MHz (channel 231C). The proposed station would provide a Contemporary Hit Radio music format, targeting predominantly women aged 18 to 34.

1182743 Alberta

9. 1182743 Alberta proposed to establish an English-language commercial FM radio station in Lethbridge that would operate at 94.1 MHz (channel 231C). The proposed station would offer an Adult Standards and Modern Nostalgia music format appealing to listeners aged 35 to 64, with a core audience of adults over the age of 45.

Touch Canada

10. Touch Canada proposed to establish an English-language commercial Specialty FM radio station in Lethbridge that would operate at 90.5 MHz (channel 213B). The proposed station would offer a Christian music service, with 100% of the total weekly music to be drawn from content subcategory 35 (Non-classic religious).

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

The Lethbridge radio market and its ability to sustain a new radio station

11. The population of the Lethbridge Census Agglomeration (CA) is estimated to have grown by nearly 15% since the 2001 Census recorded a population of 67,374. The Lethbridge City Census 2005 projects that the population of Lethbridge could increase to nearly 90,000 by 2011, assuming a 2.5% annual growth rate.
12. The Lethbridge market is currently served by five commercial radio stations, including CFRV-FM (Modern Adult Contemporary), CHLB-FM (Country), CJBZ-FM (Hot AC), CJRX-FM (Rock), and CJTS-FM (Christian music). The combined financial performance for radio stations in the Lethbridge market in 2005 was consistent with the healthy performance achieved by all Canadian radio stations in 2005.

13. The City of Lethbridge, the Province of Alberta and Financial Post (FP) Markets all project positive growth in retail sales, commercial and residential construction and employment levels for the Lethbridge CA through to 2011. Further, the diverse array of employment sectors allows for a more stable economy, with the Lethbridge unemployment rate being lower than the provincial and national averages consistently for the past ten years.
14. The Commission is of the view that the positive outlook for Lethbridge will result in steady growth for radio advertising revenues.
15. Taking all these factors into account, the Commission is satisfied that the Lethbridge radio market can support the introduction of an additional commercial radio station, without having an undue negative impact upon the existing stations in the market.
16. Vista, Newcap and 1182743 Alberta each suggested that their proposal would address the needs of a particular underserved segment of Lethbridge radio listeners. Vista proposed to target the 35-54 age group which represents approximately 28% of the total Lethbridge population. Newcap indicated that it would serve the 18-34 year old demographic, which makes up approximately one-quarter of the population, and 1182743 Alberta proposed to focus on the age range of 35 to 64, which represents approximately 38% of the current population.
17. The BBM Fall 2005 distribution of total listening hours by age group in Lethbridge indicates that the 18-49 demographic accounts for approximately 60% of all tuning in the market, and that listening by adults over the age of 50 is predominantly to the Country music format offered by CHLB-FM. The Commission therefore concludes that older listeners in Lethbridge have relatively few alternatives if they do not listen to Country music.
18. Based on its assessment of the competing applications by Vista, Newcap and 1182743 Alberta for new commercial FM stations to serve Lethbridge, the Commission has determined that approval of the application by 1182743 Alberta represents the best alternative in terms of offering listening choice to an underserved demographic in Lethbridge, especially those persons over the age of 45, while having minimal impact on incumbent radio stations. The licensing of 1182743 Alberta would introduce a new editorial voice to the market and a new company to the Canadian broadcasting system. The Commission has also taken into consideration the proposals by 1182743 Alberta for the broadcast of Canadian music, and its plans for the development of Canadian talent.
19. Therefore, in *English-language FM radio station in Lethbridge*, Broadcasting Decision CRTC 2006-328, dated today, the Commission has **approved** the application by 1182743 Alberta Ltd. for a broadcasting licence to operate a new English-language commercial FM radio programming undertaking to serve Lethbridge.

Non-classic religious services

20. At the public hearing, the Commission heard applications by Golden West and Touch Canada relating to Specialty FM Christian music services to serve Lethbridge.
21. Golden West proposed to acquire the assets of the existing English-language, low-power Specialty FM Christian music service CJTS-FM from Spirit, and to amend the technical parameters of that station while maintaining the Christian music format. The current owner of CJTS-FM indicated that the negative performance of CJTS-FM and personal health problems are the reasons for the proposed sale to Golden West.
22. Touch Canada proposed to establish a new English-language commercial Specialty FM Christian music service to serve Lethbridge.
23. In Canada, there are presently 60 Specialty FM services offering a non-classic religious music format, although the majority are non-commercial services operated by local parishes or church-affiliated groups. With respect to commercial Specialty FM services offering a non-classic religious music format, only three communities, namely Winnipeg, Manitoba, and Moncton and Fredericton, New Brunswick, have two such stations operating in the same market. The Commission notes that overall, the non-classic religious music stations operating in these markets have not experienced consistent positive financial performance.
24. The Commission is therefore not convinced that the Lethbridge radio market could support the operation of two commercial Specialty FM Christian music services, given the targeted advertising base, the similarities in programming, and the limited audience for such programming.
25. Taking into account the factors noted above as well as concern for the continued viability of CJTS-FM under the existing circumstances, the Commission has determined that approval of the Golden West application to acquire the assets of CJTS-FM and approval of its application to amend the technical parameters of that station are in the public interest, and would increase the likelihood of CJTS-FM remaining a viable local service in Lethbridge, without having an undue negative impact on the incumbent radio stations in the market.
26. Accordingly, in *Acquisition of assets*, Broadcasting Decision CRTC 2006-327, also of today's date, the Commission has **approved** applications by Golden West Broadcasting Ltd. to acquire the assets of the radio programming undertaking CJTS-FM Lethbridge from Spirit Broadcasting Ltd., to amend the broadcasting licence for CJTS-FM by changing the frequency, and to change the authorized contours of CJTS-FM.

Conclusion

27. While the Commission is satisfied that the Lethbridge market will be capable of accommodating the introduction of one new commercial FM radio station as well as the technical changes to the existing station CJTS-FM, it is also of the view that licensing more than one new radio service at this time could result in undue negative impact on incumbent radio services, and impede the growth of any newly licensed service. Given also the Commission's determination that the Lethbridge market would be capable of supporting only one commercial Specialty FM Christian music service, in *Denial of applications proposing radio services for Lethbridge, Alberta*, Broadcasting Decision CRTC 2006-329, of today's date, the Commission has **denied** the applications by Touch Canada, Vista and Newcap for broadcasting licences to operate new English-language commercial FM radio stations to serve Lethbridge.

Secretary General

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