



Broadcasting Decision CRTC 2018-342

PDF version

References: 2017-365, 2017-365-1 and 2017-365-2

Ottawa, 31 August 2018

Pelmorex Weather Networks (Television) Inc.
Across Canada

Public record for this application: 2017-0586-5
Public hearing in the National Capital Region
30 April 2018

The Weather Network/MétéoMédia – Licence renewal and renewal of mandatory distribution order

*The Commission **renews** the broadcasting licence for the national, English- and French-language discretionary service The Weather Network/MétéoMédia (TWN/MM) from 1 September 2018 to 31 August 2023.*

*Further, the Commission **renews** the mandatory distribution order for the service from 1 September 2018 to 31 August 2023, at a reduced wholesale rate of \$0.22 per subscriber per month.*

The above will allow the service to continue providing programming dedicated exclusively to meteorological, atmospheric and marine conditions for local, regional and national areas of Canada. It will also allow the service to continue to operate the National Alert Aggregation and Dissemination (NAAD) System, which makes available to broadcasting distribution undertakings (BDUs), both licensed and exempt, and to retail wireless service providers using the Long Term Evolution technology, alerts and messages related to imminent or unexpected threats to life or property caused by severe weather disturbances, natural disasters or other emergencies in local, regional and national areas of Canada.

*In addition, the Commission **approves** the licensee's requests to:*

- maintain its Canadian programming expenditure requirement to devote at least 44% of the service's previous broadcast year's gross revenues to Canadian programming, and*
- reduce the service's Canadian content exhibition requirement from 100% of the broadcast year to 90% of the broadcast year.*

*Finally, the Commission **denies** the licensee's requests:*

- *to amend the mandatory distribution order for TWN/MM in order to require its distribution in both standard definition and high definition formats;*
- *to require BDUs to distribute both the English- and French-language feeds of TWN/MM on the basic service in bilingual markets; and*
- *for genre protection for TWN/MM in regard to weather news.*

Application

1. Pelmorex Weather Networks (Television) Inc.¹ (Pelmorex) filed an application to renew the broadcasting licence for the national, English- and French-language discretionary (formerly specialty Category A²) service The Weather Network/MétéoMédia (TWN/MM), which expires 31 August 2018, and for continued mandatory distribution of the service on the digital basic service of Canadian cable and satellite providers, pursuant to orders issued under section 9(1)(h) of the *Broadcasting Act*.
2. Pelmorex is owned and controlled by Mr. Pierre L. Morrissette through various subsidiaries.
3. TWN/MM's programming is dedicated to meteorological, atmospheric and marine conditions for local, regional and national areas of Canada. Pelmorex also operates the National Alert Aggregation and Dissemination (NAAD) System, which makes available to broadcasting distribution undertakings (BDUs), both licensed and exempt, and to retail wireless service providers using the long term evolution technology, alerts and messages related to imminent or unexpected threats to life or property caused by severe weather disturbances, natural disasters or other emergencies in local, regional and national areas of Canada.
4. TWN/MM provides a national feed in both official languages and regional feeds in British Columbia, Alberta, Atlantic Canada, greater Montréal and the extended Greater Toronto Area, and custom local forecasts in more than 1,000 Canadian communities.
5. Pelmorex confirmed that it would adhere to the standard requirements for discretionary services set out in Appendix 2 to Broadcasting Regulatory Policy 2016-436, with the exception of the general programming requirements set out in conditions of licence 6, 7, and 8.
6. The licensee proposed amendments to its conditions of licence relating to alerts and messages to reflect recent changes to the *Broadcasting Distribution Regulations*

¹ Prior to 6 April 2017, Pelmorex Weather Networks (Television) Inc. operated as Pelmorex Communications Inc.

² In Broadcasting Regulatory Policy 2015-86, the Commission announced that it would consolidate television programming service licences into three broad categories. According to this simplified approach, specialty Category A services are now designated as discretionary services.

(the Regulations), as well as the deletion of certain conditions of licence, definitions, expectations and encouragements on the basis that they duplicate provisions now set out in the standard requirements for all discretionary services. It also proposed to amend its condition of licence relating to the provision of audio description³ such that it would be required to provide six secondary audio program channels relating to its local forecasts, rather than a minimum of five, as currently required.

7. In regard to its request for continued mandatory distribution on the digital basic service, Pelmorex stated that it meets all the criteria set out in paragraph 11 of Broadcasting Regulatory Policy 2010-629. The licensee did not propose an increase in its per subscriber monthly wholesale rate (i.e., \$0.23). However, it requested amendments to the mandatory distribution order to require BDUs to distribute feeds in both official languages in bilingual markets and to require the distribution of TWN/MM in both standard definition (SD) and high definition (HD). In addition, Pelmorex requested that the broadcasting licence for TWN/MM, as well as its continued mandatory distribution on the digital basic service, be renewed for a period of seven years. The licensee agreed to file, by condition of licence, an annual report relating to expenditures on Canadian programming.
8. Finally, Pelmorex indicated that if the mandatory distribution order were renewed at the current wholesale rate, beginning in the first year of the new licence term, it would hire a full-time video-journalist to report in the Yukon, the Northwest Territories and Nunavut, and in the north of various provinces. For each subsequent year of its licence term, Pelmorex would commit to broadcast at least 26 hours of original first-run programming on topics relating to the weather in the Canadian North. In addition, Pelmorex would also commit to upgrade its localization equipment installed in each BDU's head-end in order to provide localized weather and information in HD across the country, including in remote, rural and northern communities.

Interventions

9. The Commission received over 13,000 interventions in regard to Pelmorex's application, the vast majority of which were from individual Canadians expressing support. The Commission also received interventions commenting on the application from Cogeco Communications Inc. (Cogeco), on behalf of Cogeco Connexion Inc.; Shaw Communications Inc. (Shaw), on behalf of Shaw Cablesystems Limited, Shaw Cablesystems (VCI) Limited and Shaw Direct; Quebecor Media Inc. (Quebecor), on behalf of Videotron G.P.; and BCE Inc. (BCE), on behalf of Bell Satellite TV and Bell Fibe TV; as well as from Senior Officials Responsible for Emergency Management, the Alberta Emergency Management Agency; the Government of Saskatchewan, Emergency Management and Fire Safety; and the Ministère de la culture et des communications du Québec. Pelmorex replied to the interventions that offered comments.

³ See condition of licence 16 set out in the appendix to Broadcasting Decision 2011-438.

10. Bragg Communications Inc., carrying on business as Eastlink, and Saskatchewan Telecommunications opposed the renewal of the distribution orders for all applicants considered as part of this proceeding.

Issues

11. After examining the record for the application in light of applicable regulations and policies, the Commission finds that the issues it must address relate to the following:

- TWN/MM's dependence on mandatory distribution on the basic service;
- the wholesale rate for TWN/MM;
- the appropriate licence and mandatory distribution order renewal terms;
- requiring the mandatory distribution of TWN/MM in SD and in HD;
- the mandatory distribution of TWN/MM in both official languages;
- ensuring genre protection for TWN/MM;
- the Canadian programming expenditure (CPE) requirement for TWN/MM;
- the Canadian content exhibition requirement for TWN/MM;
- a proposed amendment to the service's condition of licence relating to audio description;
- a proposed amendment to the service's condition of licence relating to the distribution of alerts; and
- matters relating to the NAAD System.

TWN/MM's dependence on mandatory distribution on the basic service

12. TWN/MM broadcasts original, first-run Canadian programming across the country in both official languages. Programming is drawn from local, regional and national sources. The Commission is satisfied that there is an extraordinary demand by Canadians for this service. Further, TWN/MM contributes significantly to the objectives of the *Broadcasting Act* by maintaining and operating the NAAD System. The service also fulfills objectives of the *Broadcasting Act* through its programming, which contributes to public safety through weather information and weather alerts, as well as educational programming about environmental issues and weather phenomena. It therefore serves to enrich and strengthen the cultural, political, social and economic fabric of Canada.

13. Pelmorex submitted that should TWN/MM not be granted continued mandatory distribution on the digital basic service, the service may not be sustainable in its

current form. It argued that as one of the few remaining independent standalone operators, it is not in a strong position to negotiate carriage rates and packaging with BDUs. Pelmorex stated that the nature of TWN/MM's programming and the way many people consume the service (that is, by tuning in briefly to check the forecast) has always reduced its advertising revenue potential relative to its reach, thereby making the service more heavily reliant on subscriber revenues.

14. To remain viable and maintain the service's profitability without mandatory distribution on the basic service, Pelmorex stated that it would be unable to support and provide the NAAD System as part of its licensed undertaking, and that it would have to reduce spending on programming and regional feeds, as well as alter or delete many of its current conditions of licence. The licensee added that to help offset the expected loss of subscriber revenues, it would not be able to implement certain proposed initiatives, including providing localized weather and information in HD in remote, rural and northern communities, as well as other programming for northern communities.
15. Pelmorex submitted that the potential impact of TWN/MM not benefitting from continued mandatory distribution is more pronounced now than it would have been at its last licence renewal in 2011. It argued that changes to media consumption patterns, along with the shift away from television to digital platforms, will further reduce TWN/MM's subscribership and its capacity to draw revenues from advertising.
16. In the Commission's view, although Pelmorex anticipates further decreases in TWN/MM's revenues due to projected declines in BDU subscribership in the next licence term, the service is likely to remain viable irrespective of being granted mandatory distribution, given Pelmorex's continued ability to monetize its popular content. However, as mentioned by Pelmorex, due to the uncertainty regarding the services' revenue potential, in the event the licence for the service is renewed without mandatory distribution, certain commitments that were dependent on the steady revenues from mandatory distribution in the current licence term may be abandoned by the licensee so as to ensure that the service maintains a sound financial standing.
17. Accordingly, the Commission considers that the implementation of TWN/MM's specific commitments relating to public safety, and in particular its operation of the NAAD System, are dependent on the receipt of broad national distribution on the digital basic service. In light of the above, the Commission finds that mandatory distribution on the basic service is justified.

Wholesale rate for TWN/MM

18. Pelmorex submitted that in order to meet its existing and proposed commitments, and to be afforded a minimum profit before interest and taxes (PBIT) that was sound, reasonable and fair to its subscribers and shareholders, TWN/MM needs to maintain its current wholesale rate of \$0.23. The licensee indicated that in determining this rate, it considered the risks associated with revenues, expenditures and inflation,

among other factors. It added that the service has not had a rate increase since it was first granted mandatory distribution in 2009.

19. Pelmorex stated that it expects TWN/MM's subscribership to decrease at an average rate of 1.5% per year over the new licence term due to the emergence of new technologies and changes in consumer viewing habits (with an equal rate of decline in advertising and subscriber revenue). It argued that TWN/MM has no control over the decline in basic subscribers and must compete with other programming services as well as with digital media platforms for advertising revenues, regardless of its distribution on the digital basic service.
20. Pelmorex further stated that while distribution on the digital basic service lowers risks compared to purely discretionary services, there remain substantial revenue and expense risks that it must assume. It considered that this was clearly demonstrated in the sharp decline in TWN/MM's PBIT from 2010 to 2017, notwithstanding its distribution on the digital basic service. The licensee stated that it expects further decreases in TWN/MM's revenues and PBIT due to the expected decline in subscribership in the next licence term.
21. Following discussions on the issue of wholesale rate at the hearing, Cogeco, Quebecor and Shaw, in a joint submission, stated that based on the financial information provided by the licensee, a reduction in TWN/MM's wholesale rate would be reasonable.
22. The Commission acknowledges that TWN/MM's financial performance has weakened and its apparent reliance on subscriber revenues has increased as a result of declines in the service's advertising revenues during the current licence term. Further, Pelmorex's anticipated annual decrease in subscribership is in line with recent historical trends.
23. However, although subscriber revenues represented the majority of TWN/MM's total revenues in the current licence term, revenues drawn from advertising sales remained significant, and notably above the average for 9(1)(h) services. TWN/MM was also highly profitable during that period, with an average PBIT greater than the industry average.
24. Further, unlike other 9(1)(h) services whose broadcasting licences and mandatory distribution are up for renewal in this proceeding and which generally depend almost exclusively on subscriber revenues resulting from mandatory distribution for their viability, TWN/MM's projections show that it expects to generate significant advertising revenues through its online digital services, which will allow it to mitigate risks associated with declining BDU subscribership of its broadcasting service. While the content from the television service and digital platforms do not entirely overlap, Pelmorex is in a strong position to cross-monetize its content originating on its licensed undertaking, and to take advantage of synergies between platforms, including repurposing meteorological data as well as some audio-visual content.

25. Notwithstanding Pelmorex's desire to maintain a strong financial position for TWN/MM, as well as mitigate the risk and uncertainty regarding the service's revenue potential in the next licence term as result of the market's changing landscape, the Commission is not convinced that the current wholesale rate of \$0.23 is necessary for TWN/MM to maintain its current commitments (including the costs associated with operating the NAAD System) as well as to fulfill the new commitments proposed for the new licence term. Rather, the Commission finds that TWN/MM's historical and projected PBIT levels, as well as its ability to mitigate risks associated with declining BDU subscribership through its ability to monetize its popular content, suggests that it would be appropriate for the Commission to reconsider TWN/MM's wholesale rate.
26. Although the criteria set out in Broadcasting Regulatory Policy 2010-629 do not preclude services from making a profit, the Commission is of the view that any wholesale rate it sets under section 9(1)(h) of *Broadcasting Act* should strike a balance between a service's financial needs in order to meet its exceptional commitments, and BDUs' capacity to offer a viable and affordable basic service to consumers.
27. While Pelmorex has demonstrated TWN/MM's exceptional nature through its commitments, including operating the NAAD System, the Commission is of the view that the licensee has not demonstrated that it requires the current wholesale rate of \$0.23 in order to meet those commitments. While the cost to consumers of the basic service is capped through the Regulations at \$25 per month, the Commission is mindful of the cost of 9(1)(h) services as it increases pressure on BDUs' capacity to sustainably offer consumers an affordable basic service.
28. The Commission questioned Pelmorex on the possibility of setting the wholesale rate at \$0.22 per subscriber per month. In reply, Pelmorex stated that given the risk and uncertainty expected in the marketplace, should the wholesale rate for TWN/MM be set at \$0.22, it would expect to discontinue three regional feeds in British Columbia, Alberta and Atlantic Canada from which it originates regional programming. The Commission notes, however, that these regional feeds were created as a result of a commitment made by Pelmorex in the context of the last licence renewal for TWN/MM in 2011, which became a condition of the Commission's approval of Pelmorex's request to extend the mandatory distribution of the service. Further, the establishment of these three feeds was imposed by way of a condition of licence.
29. In the Commission's view, Pelmorex should not have difficulty maintaining the operation of TWN/MM's three feeds at a reduced wholesale rate, given the company's historically strong financial performance and given that the feeds are already in operation. Moreover, the public interest of TWN/MM maintaining its regional feeds exceeds the financial impact on Pelmorex from a \$0.01 reduction to TWN/MM wholesale rate. The Commission considers that given that TWN/MM's mandate is to provide local weather services to Canadians, removing regional feeds would run counter to this mandate.

30. Pelmorex further stated that its proposal regarding HD localization in remote, rural and northern communities, along with its northern communities programming initiative, would no longer be possible. The Commission notes, however, that capital costs for technology modernization are common costs incurred by most businesses and should form part of Pelmorex's core investments to maintain the relevance of its service in the ever-evolving broadcasting system.
31. In regard to the northern communities programming initiative, the Commission is of the view that a wholesale rate of \$0.22 is sufficient for its implementation. In this regard, the Commission considers that this initiative is important for people living in Canada's North, but notes that it is not yet in place. Although the Commission will not require Pelmorex, by condition of licence, to implement this new programming initiative under the new wholesale rate, it nevertheless encourages the licensee to do so.
32. In light of all of the above, the Commission finds that the reduced wholesale rate will continue to allow TWN/MM to remain profitable (per Pelmorex's own financial projections) while safeguarding BDUs' capacity to sustainably offer consumers an affordable basic service.⁴ Accordingly, the Commission is satisfied that TWN/MM, with a monthly wholesale rate of \$0.22 per subscriber, will be well positioned to meet its commitments.

Licence and mandatory distribution order renewal terms

33. In the Commission's group-based approach to the licensing of private television services (see Broadcasting Regulatory Policy 2010-167), the Commission set out its intention, given the pace of change in the broadcasting environment and the desire to assess the impact of the new group-based approach, to impose five-year, rather than seven-year, licence terms for television licensees controlled by designated groups. Over time, the Commission has adopted this practice for other television services, so as to allow it to reassess more regularly the performance of various licensees as well as the criteria used to assess such performance. In the present case, given that the broadcasting licence for TWN/MM is related to the mandatory distribution order for the service, the reasoning informing that practice equally applies to the renewal of that order.
34. Pelmorex requested that the mandatory order for the distribution of TWN/MM as well as the broadcasting licence for the service be renewed for a period of seven years, rather than five years pursuant to the Commission's current practice. It argued that in a context where the Commission questions the validity of TWN/MM's mandatory distribution order at each renewal, and given that mandatory distribution is necessary for the service to be able to honour its commitments to the public, in particular in

⁴ Pelmorex also indicated that with a reduced wholesale rate, it would consider seeking to lower its Canadian content requirements from 100% to 90% to allow for experimentation with foreign content in off hours in an attempt to mitigate potential losses in advertising revenue. This issue is addressed below.

rural areas, granting its request for a seven-year renewal would avoid uncertainty for shareholders and Canadians who benefit from the service.

35. In Pelmorex's view, a five-year renewal period would not give it sufficient time to recoup its investments to continue to convert its signals to HD in rural and remote communities in Canada. Further, it would introduce uncertainty in funding for the NAAD System for the two years following a five-year licence term. The licensee added that it does not want to commit to a costly enhancement of its infrastructure without being reassured that it will be profitable.
36. The Commission disagrees with Pelmorex's argument. TWN/MM's mandatory distribution order is, at least in part, related to the licensee's commitment to continuing funding and expanding the NAAD System, which is constantly changing. Granting a five-year renewal for TWN/MM would allow for a timelier reassessment of factors related to the mandatory distribution of the service, especially the administration and operation of the NAAD System and the appropriateness of supporting the NAAD System through mandatory distribution on the digital basic service.
37. Furthermore, Pelmorex's investments in its infrastructure to convert its signals to HD represent the cost of broadcasting in the field of weather news and do not necessarily contribute to the exceptional nature of the service. Consequently, the Commission finds that Pelmorex failed to demonstrate that a seven-year renewal would have a positive impact on the public interest in that regard. The Commission therefore finds that Pelmorex has not justified either an exception to the current practice of granting five-year licence renewals or the granting of a mandatory order for TWN/MM lasting seven years.
38. In light of the above, the Commission finds it appropriate to renew the broadcasting licence for TWN/MM and the mandatory distribution order for the service for a five-year term.

Mandatory distribution in standard definition and in high definition

39. Pelmorex requested that BDUs be required to distribute TWN/MM in both SD and HD formats, when available in those formats.
40. In their interventions, Cogeco, Quebecor and Shaw submitted that Pelmorex underestimated how difficult it would be for most BDUs to adhere to such a requirement, in particular for services such as TWN/MM, which have a significant number of signals nationally, regionally and locally. They added that distributing the service in both SD and HD formats would run counter to the Commission's practices and would require an exception to the Regulations. For its part, BCE submitted that what the licensee requested is not required by current Commission policies but that it is a matter to be left to negotiations between BDUs and broadcasters. It argued that revisiting Commission policies in this regard should not be done in the context of a licence renewal proceeding.

41. Pelmorex stated at the hearing that most people watch television in HD. In its view, given that services that benefit from a mandatory distribution order are deemed to be essential, and given that the HD platform is the one that reaches Canadians, TWN/MM should be distributed in HD. The licensee argued that denying this request could affect the deployment of HD localization technology and audio description for the visually impaired. Pelmorex added, however, that this requirement should be applied only in locations where BDUs have the capacity.
42. In Broadcasting Public Notice 2008-100, the Commission considered that market forces would be effective in ensuring that Canadian viewers have access to HD services. Consequently, under current policies and regulations, BDUs are not required to distribute HD versions of programming services. This equally applies to services that benefit from a mandatory distribution order.
43. Approval of Pelmorex's proposal would therefore constitute an exception to the Commission's standard practice regarding the distribution of HD services. In the Commission's view, Pelmorex has not justified that granting TWN/MM such an exception would be in the public interest. Further, although Pelmorex successfully demonstrated that TWN/MM makes an exceptional contribution to achieving the objectives of the *Broadcasting Act*, it did not demonstrate that distributing the service in HD format is essential to this contribution.
44. In light of the above, the Commission **denies** the licensee's request to amend the mandatory distribution order to require the distribution of TWN/MM in both SD and HD formats.

Mandatory distribution in both official languages

45. Pelmorex requested that both the English- and French-language feeds of TWN/MM be approved for mandatory distribution on the basic service for all Canadians in bilingual markets. It suggested that for the purposes of this requirement, the regions captured by section 35(2) of the *Official Languages Act* could qualify as "bilingual markets," which would allow Canadians in those regions to receive weather news in the official language of their choice.
46. Cogeco, Quebecor and Shaw submitted that since Pelmorex's TWN/MM mobile application is easily accessible online in both official languages, the licensee did not successfully demonstrate why mandatory distribution of the English- and French-language feeds of the service is necessary to achieve the objectives of the *Broadcasting Act*. However, they were open to BDUs having the option of providing, at their discretion, signals in both languages as part of the basic service.⁵
47. Shaw expressed concern over Pelmorex's reference to "bilingual markets" given that adopting this notion could cause other services to apply for a revision of the terms of

⁵ Quebecor originally agreed with distributing the English-language signal in the Montréal market due to the high demand for the English-language version of the service.

their mandatory distribution, which could ultimately have repercussions beyond Pelmorex's proposal. BCE submitted that it currently provides broad distribution of both feeds of TWN/MM, and that consumers who reside anywhere in Canada are able to subscribe to the Pelmorex channel they wish to receive. It also stated that it is supportive of a more formal method for ensuring the distribution of the appropriate service to consumers located in official minority language communities (OLMCs) if it comes at no extra cost.

48. In reply to the interventions, Pelmorex noted that most BDUs, the larger BDUs in particular, already distribute both feeds of TWN/MM: the service in the mandated language on the basic service, and the service in the other language as part of a discretionary tier.
49. In the Commission's view, amending the mandatory order for TWN/MM as requested by Pelmorex is not necessary. Based on the evidence on the record of the proceeding, BDUs that have the capacity to carry both feeds already largely do so, although they do not currently offer the service in the language of the minority on the basic service.
50. The Commission notes that the notion of "bilingual market" was not extensively canvassed on the record of this proceeding. Currently, the Commission does not have a definition for this term. While Pelmorex referred to section 35(2) of the *Official Languages Act*, that section refers to a list of regions published in Treasury Board and Public Service Commission Circular No. 1977-46 and relates to the language of work of people employed by federal institutions. The Commission is not convinced that it would be appropriate to apply this list to the broadcasting context and to the matter at hand. Furthermore, the record of this proceeding is insufficient to create a properly tailored mechanism allowing BDUs with capacity constraints to be excluded from such a requirement.
51. In light of the above, the Commission **denies** Pelmorex's request to require BDUs to distribute both the English- and French-language feeds of TWN/MM on the basic service in bilingual markets.
52. However, the Commission considers that allowing the distribution of both the English- and French-language feeds of TWN/MM on the basic service would be in the public interest as it would contribute to the vitality of OLMCs in Canada, by supporting the development of these communities and fostering the full recognition and use of French and English in Canadian society, consistent with the spirit of section 41 of the *Official Languages Act*. In this regard, the Commission notes that since Pelmorex charges a single rate for TWN/MM, providing both feeds on the basic service would have no effect on the rates paid by BDUs.
53. Further, allowing such distribution would not force BDUs that do not have the capacity to offer Pelmorex's feeds in both official languages to distribute both versions, but would provide all BDUs with the flexibility to offer both feeds as part of the basic package and thus allow the feeds to reach more subscribers.

54. Accordingly, the Commission considers it appropriate to amend the mandatory distribution order to allow BDUs to distribute the signal of TWN/MM that is in the official language of the minority, as part of the entry-level basic service offering in every market in Canada, alongside the mandated signal in the official language of the majority. Further, the Commission encourages BDUs to carry out such distribution of the minority official-language feed of the service.

Genre protection for TWN/MM

55. In its application, Pelmorex requested that it be permitted to maintain its genre protection in regard to weather news. It alleged that a major vertically integrated BDU signed an agreement with a competitor regarding weather news, and that this poses a threat to Pelmorex's service, which still has specific conditions of licence and a precise mandate related to its 9(1)(h) status. According to Pelmorex, the mandatory distribution order provides certain privileges and responsibilities, with one of those privileges being genre protection.

56. The Commission's former genre exclusivity policy was implemented to ensure programming diversity, by ensuring that discretionary services remained distinct, and that each service adhered to the genre in which it was licensed to operate. In Broadcasting Regulatory Policy 2015-86, the Commission determined that the genre exclusivity policy was no longer needed to ensure programming diversity between services, and therefore eliminated that policy. It considered that removing regulatory barriers in this regard would allow entry by new programming services, programming flexibility and greater domestic competition. However, as an exception to the overall elimination of genre exclusivity, the Commission announced that it would retain the conditions of licence relating to nature of service for those services that benefit from a mandatory distribution order under section 9(1)(h) of the *Broadcasting Act*.

57. The Commission does not accept Pelmorex's argument regarding the responsibilities and privileges granted by mandatory distribution. Services with mandatory distribution must continue to operate within the mandate and natures of service that are assigned to them by their conditions of licence. They get mandatory distribution through an order, but they are not protected in regard to the exclusivity of their programming from potential competitors.

58. The Commission finds that Pelmorex has not successfully demonstrated that adding such a provision to the mandatory distribution order for TWN/MM would be in the public interest. On the contrary, the entry of a competing service that wishes to provide weather news would improve the offer available to Canadians, which is in the public interest. Further, TWN/MM's nature of service condition of licence is only binding on that service; neither that condition of licence nor the mandatory order for TWN/MM create obligations for other discretionary services. To make Pelmorex's request operational, the Commission would need to impose nature of service conditions of licence on all discretionary services in order to prevent them from broadcasting content that would infringe upon TWN/MM's programming.

59. In light of the above, the Commission **denies** Pelmorex's request for genre protection for TWN/MM in regard to weather news.

Canadian programming expenditure requirement

60. Pelmorex is currently required to devote 44% of TWN/MM's previous broadcast year's gross revenues to Canadian programming. The licensee requested that this CPE requirement be maintained at that level so long as the service receives continued mandatory distribution on the basic service, regardless of the wholesale rate for the service.

61. The Commission considers the licensee's request in this regard to be appropriate, and **approves** the request. A **condition of licence** to that effect is set out in the appendix to this decision.

Canadian content exhibition requirement

62. Pelmorex is currently required by condition of licence to ensure that 100% of the programming broadcast on TWN/MM during the broadcast year is devoted to the distribution of Canadian programs. Pelmorex stated that should its wholesale rate remain unchanged, its Canadian content exhibition requirement should be maintained at the same level. In the event that the Commission finds it appropriate to reduce TWN/MM's wholesale rate, Pelmorex requested a reduction in its Canadian content exhibition requirement to 90% of the broadcast year. The licensee indicated that this reduced level would allow for experimentation with foreign content in off hours in an attempt to mitigate potential losses in advertising revenue.

63. The Commission considers that even with the requested reduction in TWN/MM's Canadian content exhibition level, the service would continue to broadcast an amount of Canadian content that is significantly higher than the average for all discretionary services. Given that it has reduced the wholesale rate for the service to \$0.22, the Commission **approves** the licensee's request to reduce the Canadian content exhibition requirement associated with TWN/MM to 90% of the broadcast year. A **condition of licence** to that effect is set out in the appendix to this decision.

Proposed amendment to condition of licence relating to audio description

64. TWN/MM is currently subject to the following condition of licence set out in the appendix to Broadcasting Decision 2011-438:

16. The licensee shall provide audio description for all the key elements of information programs, including news programming, with the exception of the local forecasts that are broadcast every ten minutes. For those local forecasts, as a substitute for audio description, the licensee shall provide five secondary audio program (SAP) channels that will broadcast audio of one national and four regional weather overviews during the text segments of its local forecasts. For the purposes of this condition of licence, "audio description" refers to announcers

reading aloud the textual and graphic information that is displayed on the screen during information programs.

65. The licensee proposed to amend that condition of licence as follows (proposed amendments in bold):

16. The licensee shall provide audio description for all the key elements of information programs, including news programming, with the exception of the local forecasts that are broadcast every ten minutes. For those local forecasts, as a substitute for audio description, the licensee shall provide **six** secondary audio program (SAP) channels that will broadcast audio of one national and **five** regional weather overviews during the text segments of its local forecasts. For the purposes of this condition of licence, “audio description” **during local forecasts** refers to announcers reading aloud **national or regional weather conditions and forecasts relevant to the area served by the SAP channel**.

66. Pelmorex submitted that the proposed amendments 1) reflect the commitment to add to the number of SAP channels, and 2) describe in greater detail the type and nature of the information provided on each SAP channel.

67. The Commission considers that the proposed amendments relating to the number of channels reflect the reality of Pelmorex’s service as the licensee has increased the number of channels, thereby making the service more accessible on a regional basis. Accordingly, the Commission **approves** the licensee’s request in this regard.

68. In regard to the proposed amendments to the definition of “audio description,” the current definition clarifies what is required of the licensee when its service broadcasts information programs subject to the audio description requirement. It plays no role in circumscribing the requirements imposed on the licensee relating to local forecast programming. In the Commission’s view, the requested amendment to the definition of “audio description” is therefore not appropriate. Consequently, the Commission **denies** the licensee’s request in this regard.

69. The amended **condition of licence** relating to the provision of audio description is set out in the appendix to this decision.

Proposed amendment to condition of licence relating to the distribution of alerts

70. TWN/MM is currently subject to the following condition of licence set out in the appendix to Broadcasting Decision 2011-438:

2. (a) The programming provided by the licensee shall be dedicated exclusively to video programming, text and graphics relating to:

(i) meteorological, atmospheric and marine conditions for local, regional and national areas of Canada, and international areas as they may be of national interest to Canadians, as well as programming relating to the prevention and effects of these conditions;

(ii) alerts and messages related to imminent or unexpected threats to life or property caused by severe weather disturbances, natural disasters or other emergencies in local, regional and national areas of Canada for distribution on the licensee's services; and

(iii) such other messages as conform to the definition of "emergency alert message," contained in the *Broadcasting Distribution Regulations*, as amended from time to time for distribution on the licensee's services, and in cases where the licensee of a broadcasting distribution undertaking has entered into an agreement with Pelmorex, for the distribution of emergency alert messages on other channels offered by that broadcasting distribution undertaking.

71. Pelmorex proposed to replace paragraph (iii) of that condition of licence with the following:

(iii) alerts and messages that announce an imminent or unfolding danger to life; and which are designated by the applicable issuing authority for distribution on the licensee's services, and in cases such as pursuant to Broadcasting Regulatory Policy CRTC 2014-444 and Broadcasting Orders CRTC 2014-445, 2014-446, 2014-447 and 2014-448, as amended from time to time, where the licensee is connected to the National Alert Aggregation and Dissemination System, for the distribution of such alerts and messages in accordance with the regulations applicable to such licensee.

72. The licensee submitted that the requested amendment is necessary to reflect changes to the Regulations, from which the definition of "emergency alert message" was repealed but to which section 7.2 relating to emergency alerts was added.

73. The Commission agrees that an amendment is necessary to align the condition of licence with the amended wording of the Regulations relating to the definition of the NAAD System, and to eliminate redundancy. It also finds it appropriate, however, to amend the proposed wording in order to make more precise reference to applicable regulations and exemption orders. Accordingly, the Commission **approves** the licensee's request, but with certain amendments. The amended **condition of licence** is set out in the appendix to this decision.

Matters relating to the NAAD System

74. In regard to the NAAD System, the Commission finds that the issues it must address relate to the following:

- the Alerting Governance Council (the Governance Council) and its Terms of Reference;
- public alerting challenges faced by smaller radio broadcasters; and

- the continued funding of the NAAD System through mandatory distribution.

Alerting Governance Council and its Terms of Reference

75. The Governance Council is an operational governance structure, which oversees the operation of the NAAD System and operates in accordance with its adopted Terms of Reference.
76. Various interveners raised several concerns in regard to the operation of the Governance Council. Certain alerting stakeholders stated that the Governance Council continues to face several challenges as it acts as an advisor to Pelmorex on NAAD System developments rather than as an equal partner in decision-making. They further submitted that the structure of the current Governance Council could be strengthened to increase accountability, transparency and decision-making authorities. In their view, such changes would help establish the order of priority of technical and operational change requests made by federal, provincial and territorial governments. These interveners further submitted that the Commission should address these issues as part of the current licence renewal process.
77. Senior Officials Responsible for Emergency Management (SOREM) submitted that the decision-making and consensus-based nature of the Governance Council remains problematic. In their view, a revised Governance Council should allow for a more authoritative decision-making process, which would provide all council members with clarity in regard to how Pelmorex is acting on the priorities that the members are bringing to the table. SOREM further expressed the need to be more informed of the investments and planning required to maintain the NAAD System. In light of the above, SOREM proposed that the Terms of Reference be revised to a) provide greater council oversight over NAAD System priority-setting and follow-through and b) ensure that terms of individual agreements⁶ with Pelmorex are consistent with the Terms of Reference.
78. In its reply to interventions, Pelmorex committed to address concerns regarding public alerting governance by increasing the transparency of NAAD System-related expenditures and by reviewing the current Terms of Reference with the Governance Council. It also committed to submit a report to the Commission on the matter.
79. The Governance Council was put in place by Pelmorex in 2009 following the Commission's decision, set out in Broadcasting Order 2009-340, to approve an application for a mandatory distribution order regarding the distribution of TWN/MM on the digital basic service. At that time, the Commission expected the licensee to put in place an operational governance structure for its proposed alert aggregation and distribution system.

⁶ The purpose of these agreements is to set out the terms and conditions under which authorized government agencies will be granted access to Pelmorex's NAAD System.

80. During the 2011 proceeding through which the Commission last renewed the broadcasting licence for TWN/MM, certain parties expressed concerns regarding governance, and specifically the effectiveness of the Governance Council. Other parties, however, including provinces and BDUs that are members of the Governance Council, considered it to be an effective governance body. The Commission shared the view that the Governance Council operated effectively, but noted in Broadcasting Decision 2011-438 that it may initiate a review of the governance structure of the NAAD System should sufficient evidence be provided to demonstrate that the existing model is ineffective.
81. During the current proceeding, to better understand Pelmorex's proposed commitments in regard to addressing concerns raised on the record with respect to the Governance Council and its Terms of Reference, Pelmorex was asked to elaborate on what it proposes to include in its council report. In reply, Pelmorex reiterated its proposal to provide the Commission with a final summary of its face-to-face meetings with alerting officials across the country. It also proposed to file with the Commission an annual report by 31 May of each year, on behalf of the Governance Council, detailing the council's activities, enhancements to the NAAD System, and any issues related to governance. Pelmorex proposed that revised Terms of Reference be sent to the Commission for its review, should the Governance Council elect to amend the current Terms of Reference.
82. The record of the current proceeding indicates that the Governance Council's operations could be reviewed in order to increase its effectiveness, and the effectiveness of the National Public Alerting System (NPAS) overall. Pelmorex acknowledged the need to improve communication between council members and itself, and stated that it has undertaken changes to the information it provides at council meetings. The licensee also stated that it would consult council members in regard to ideas and suggestions on what more should be done to enhance the operations of the Governance Council and the NAAD System.
83. In the Commission's view, a revised Terms of Reference should result in a comprehensive, transparent and accountable governance framework. The proposed framework should outline the respective roles and responsibilities of the various parties, which are currently set out in sections 15 and 16 of the Terms of Reference. The Terms of Reference should provide greater decision-making power to the members of the Governance Council. The Governance Council should also explore, through a revised Terms of Reference, a formal agreement or commitment mechanism in order to ensure that decisions are implemented in a timely manner.
84. Further, Pelmorex should explore whether groups representing the distinct priorities and perspectives of alerting stakeholders, including those expressed by smaller undertakings, ought to be established with a view to informing the broader Governance Council on such priorities and perspectives. Updating the existing Terms of Reference to better allow for issues and concerns to be raised and dealt with by alerting stakeholders would benefit all alerting stakeholders and would increase the effectiveness of the NAAD System and public alerting in general.

85. In light of the above, Pelmorex is required to file the following items with the Commission:

- a report detailing its findings following its meetings with alerting officials across the country in regard to matters pertaining to the structure and operations of the Governance Council. This Commission intends to make this report public on its website. The Commission expects Pelmorex to file this report by no later than 31 March 2019.
- by no later than 31 March 2019, a revised Terms of Reference, which should be agreed to by all Governance Council members. The revised terms of reference should, at a minimum, address the matters discussed above.
- by 31 May of each year, a report, on behalf of the Governance Council, detailing the activities of the council, enhancements to the NAAD System, and any issues related to governance. The report should highlight the costs associated with enhancements related to the NAAD System and the timing of the implementation of those enhancements. It should also provide a summary of any discussions regarding the roles and responsibilities relating to matters currently set out in sections 15 or 16 of the Terms of Reference.

86. **Conditions of licence** in regard to the above filing requirements are set out in the appendix to this decision.

87. Further, the Commission maintains the **conditions of licence** set out in the appendix to Broadcasting Decision 2011-438 that require Pelmorex to:

- take direction from the Governance Council on matters currently identified in section 15 of the Terms of Reference, including matters relating to Common Alerting Protocol compliance of alerts and equipment and to ongoing technical enhancements of the system.
- seek advice from the Governance Council on matters currently identified in section 16 of the Terms of Reference.

88. The Commission expects Pelmorex, in consultation with members of the Governance Council, such as federal, provincial and territorial Emergency Management Organizations, radio and television broadcasters, and any other relevant stakeholder, to explore making adjustments to the operations of the council to ensure that all voices are heard and that all members are equally invested in the success of the council.

Public alerting challenges faced by smaller radio broadcasters

89. The Commission has received a number of applications from small radio stations, including community, campus and Indigenous stations, relating to the challenges posed by the costs associated with connecting to the NAAD System.

90. During the proceeding, Pelmorex was asked what it would propose in order to ensure that emergency alert messages are distributed by very small broadcasters, such as radio stations operating in remote communities, which may have limited resources to invest in and maintain the equipment necessary to interconnect with the NAAD System.
91. Pelmorex replied that it has engaged with the National Campus and Community Radio Association (NCRA) to better understand the public alerting challenges faced by small radio broadcasters, and arranged a discussion with the NCRA for the week of 14 May 2018. The licensee stated that it hopes to better understand whether barriers to distributing alerts by small radio broadcasters are related to cost, technical capabilities, knowledge of available equipment suppliers, or a combination of these.
92. Pelmorex stated that it will determine how it may help facilitate alert distribution readiness for these broadcasters once it has a better understanding of the issues. The licensee indicated that it has taken steps to increase information sharing with these broadcasters and will seek additional opportunities to lower the barriers to public alerting capability.
93. Pelmorex further stated that it is committed to increasing the use and scope of the NAAD System. The Commission finds that the licensee's efforts in this regard should include measures towards ensuring that alerts are received by Canadians regardless of where they live. As the current administrator of the NAAD System and as a beneficiary of mandatory distribution, Pelmorex plays a central role in public alerting. Accordingly, Pelmorex is well-positioned to provide the Commission with a better view of the scope of the alerting capabilities, or lack thereof, of small radio broadcasters.
94. In light of the above, the Commission requires Pelmorex to file with the Commission a detailed report of its meeting with NCRA. The report should include a proposed course of action that Pelmorex and the industry could undertake in order to help mitigate the challenges posed by cost, technical capabilities, knowledge of available equipment suppliers, etc., associated with the connection of small radio broadcasters to the NAAD System.
95. Further, the Commission recognizes that small Indigenous radio stations may be experiencing issues similar to those of stations represented by the NCRA. Accordingly, the Commission expects Pelmorex to engage with Indigenous stations, in a manner similar to its initiative to engage with the NCRA.
96. Finally, the Commission expects that the findings stemming from conversations between Pelmorex and Indigenous radio stations be reflected in a detailed report to be filed with the Commission. The Commission further expects that the licensee will file this report regarding the small radio broadcasters represented by the NCRA and Indigenous radio stations by no later than 31 March 2019.

Continued support for the NAAD System through mandatory distribution

97. The Commission is renewing the mandatory distribution of TWN/MM so that, in part, it can continue to act as the administrator of the NAAD System, the backbone of the NPAS. The record of this proceeding clearly outlines the resources needed to support the NAAD System and the crucial role it plays in ensuring that Canadians receive the information they need in situations of imminent or unexpected threats to life or property caused by severe weather disturbances, natural disasters or other emergencies in local, regional and national areas of Canada. The Commission notes, however, that the communications and emergency alerting landscape has evolved significantly since the Commission first began considering emergency alerting in the early and mid-2000s.
98. As noted in the Commission's 2017 Communications Monitoring Report, mobile communications and the ownership and use of smartphones have become ubiquitous in Canada. Smartphones have become one of the primary ways in which Canadians communicate with one another and access information. In recognition of this reality, the Commission, in 2017, with the goal of ensuring that a greater number of Canadians are notified of imminent or unfolding dangers, extended the requirement to participate in the NPAS to all retail wireless service providers.⁷ In this way, the Commission enhanced the NAAD System, designed to help protect Canadians from imminent threats to life and property.
99. Furthermore, as federal, provincial and territorial Emergency Management Organizations continue to use the NPAS and have become more familiar with it, a number of broader, multi-jurisdictional policy issues have arisen, which neither the Governance Council nor the Commission are equipped or appropriately empowered to address.
100. Accordingly, based on the multi-platform nature of the NPAS and the complexity of the issues associated with emergency alerting, it is the Commission's view that mandatory distribution pursuant to section 9(1)(h) of the *Broadcasting Act* may not be the most appropriate vehicle for the continued support of the NAAD System following this next licence term for TWN/MM. The communications industry will continue to do its part to support the NPAS by passing through emergency alerts, but the operation of the NAAD System and the development of related policies would be more appropriately situated with and supported by organizations more directly responsible for public safety, or with a single, nation-wide authoritative policy-making body supported by those organizations.

Conclusion

101. In light of the above, the Commission **renews** the broadcasting licence for the national, English- and French-language discretionary service The Weather

⁷ See Telecom Regulatory Policy 2017-91.

Network/MétéoMédia from 1 September 2018 to 31 August 2023. The terms and **conditions of licence** are set out in the appendix to this decision.

102. Further, the Commission **renews** the mandatory distribution order for TWN/MM on the digital basic service from 1 September 2018 to 31 August 2023, pursuant to Broadcasting Order 2018-343, also issued today. As discussed above, the Commission determines that the term of the distribution order should coincide with that of the licence. As set out in that broadcasting order, each distribution licensee distributing the programming service shall remit to the licensee a wholesale rate of \$0.22 per subscriber per month where the service is distributed as part of the basic service.
103. The mandatory distribution order associated with this service formerly contained a provision authorizing distribution licensees to increase the basic monthly fee to be paid by their subscribers by no more than the amount required under the order for the distribution of the service. However, since the Commission no longer regulates retail rates for BDU services except for the basic service, and since section 17.1 of the Regulations already addresses this matter, the Commission has not retained this provision in the renewed mandatory distribution order effective 1 September 2018.
104. The above will allow the service to continue providing programming dedicated to meteorological, atmospheric and marine conditions for local, regional and national areas of Canada. It will also allow the service to operate the NAAD System, which, as noted above, makes available to BDUs, both licensed and exempt, and to telecommunications retail service providers using the long term evolution technology, alerts and messages related to imminent or unexpected threats to life or property caused by severe weather disturbances, natural disasters or other emergencies in local, regional and national areas of Canada.

Publication of financial information

105. With the change in licence type from specialty to discretionary and the removal of genre protection, all services that were previously considered specialty Category A services no longer have distribution rights, unless operating under a 9(1)(h) order. The Commission's general practice has been to publish only partial financial information for services without distribution rights that are also not owned by vertically integrated entities. However, despite being licensed as discretionary services, 9(1)(h) services do have mandatory distribution and the Commission sets wholesale rates for them that are paid for by all BDU subscribers. So as to ensure that services are transparent in the disbursement of the funds that are received, the Commission finds that the continued publication of complete financial information for these services is in the public interest. Accordingly, the Commission will continue to publish the same information for 9(1)(h) services as it has in the past, despite the changes to the type of licence these services hold.

Secretary General

Related documents

- *Distribution of The Weather Network/MétéoMédia by licensed broadcasting distribution undertakings*, Broadcasting Order CRTC 2018-343, 31 August 2018
- *Implementation of the National Public Alerting System by wireless service providers to protect Canadians*, Telecom Regulatory Policy CRTC 2017-91, 6 April 2017
- *Standard requirements for television stations, discretionary services, and on-demand services*, Broadcasting Regulatory Policy CRTC 2016-436, 2 November 2016
- *Let's Talk TV – The way forward – Creating compelling and diverse Canadian programming*, Broadcasting Regulatory Policy CRTC 2015-86, 12 March 2015
- *The Weather Network/Météomédia – Licence renewal and extension of the mandatory distribution of the service*, Broadcasting Decision CRTC 2011-438, 22 July 2011
- *Criteria for assessing applications for mandatory distribution on the digital basic service*, Broadcasting Regulatory Policy CRTC 2010-629, 27 August 2010
- *A group-based approach to the licensing of private television services*, Broadcasting Regulatory Policy CRTC 2010-167, 22 March 2010
- *Mandatory distribution order for The Weather Network and Météomédia*, Broadcasting Order CRTC 2009-340, 11 June 2009

This decision is to be appended to the licence.

Appendix to Broadcasting Decision CRTC 2018-342

Terms, conditions of licence, expectations and encouragements for the national, English- and French-language discretionary service The Weather Network/MétéoMédia

Terms

The licence will take effect 1 September 2018 and expire 31 August 2023.

Conditions of licence

1. The licensee shall adhere to the standard conditions of licence for discretionary services set out in Appendix 2 to *Standard requirements for television stations, discretionary services, and on-demand services*, Broadcasting Regulatory Policy CRTC 2016-436, 2 November 2016, with the exception of the general programming requirements set out in conditions of licence 6, 7, and 8.
2. (a) The programming provided by the licensee shall be dedicated exclusively to video programming, text and graphics relating to:
 - (i) meteorological, atmospheric and marine conditions for local, regional and national areas of Canada, and international areas as they may be of national interest to Canadians, as well as programming relating to the prevention and effects of these conditions;
 - (ii) alerts and messages related to imminent or unexpected threats to life or property caused by severe weather disturbances, natural disasters or other emergencies in local, regional and national areas of Canada for distribution on the licensee's service; and
 - (iii) such other alerts and messages that announce an imminent or unfolding danger to life and are designated by the issuing authority – as that term is defined in section 7.2 of the *Broadcasting Distribution Regulations*, as amended from time to time – for distribution on the licensee's service or by other broadcasting undertakings connected to the National Alert Aggregation and Dissemination System in accordance with the regulations or conditions of exemption applicable to such broadcasting undertakings.
- (b) The programming shall be drawn exclusively from the following program categories set out in Item 6 of Schedule I to the *Discretionary Services Regulations*, as amended from time to time:
 - 1 News
 - 2 (a) Analysis and interpretation
 - 3 Reporting and actualities

- 5 (b) Informal education/Recreation and leisure
- 11 (a) General entertainment and human interest
 - (b) Reality television
- 12 Interstitials
- 13 Public service announcements
- 14 Infomercials, promotional and corporate videos

3. The licensee shall devote at least 90% of the time that it devotes to broadcasting in a broadcast year to the broadcast of Canadian programs.
4. (a) The licensee shall, in each broadcast year of the licence term, expend not less than 44% of its gross revenues (Canadian subscription and advertising revenues) of the previous year, derived from that portion of the service described in condition of licence 2(a)(i) and condition of licence 2(a)(ii), on the investment in and/or acquisition of Canadian programs, excluding revenues derived from the distribution of emergency alert messages on channels other than those carrying its own service, pursuant to condition of licence 2(a)(iii).

(b) In each broadcast year of the licence term, excluding the final year, the licensee may expend an amount on Canadian programming that is up to 5% less than the minimum required expenditure for that year calculated in accordance with this condition; in such case, the licensee shall expend in the next year of the licence term, in addition to the minimum required expenditure for that year, the full amount of the previous year's underspending.

(c) In any broadcast year of the licence term, including the final year, the licensee may expend an amount on Canadian programming that is greater than the minimum required expenditure for that year calculated in accordance with this condition; in such case, the licensee may deduct:
 - (i) from the minimum required expenditure for the next year of the licence term, an amount not exceeding the amount of the previous year's overspending; and
 - (ii) from the minimum required expenditure for any subsequent year of the licence term, an amount not exceeding the difference between the overspending and any amount deducted under paragraph (i) above.
(d) Notwithstanding the above, during the licence term, the licensee shall expend on Canadian programming, at a minimum, the total of the minimum required expenditures calculated in accordance with the licensee's condition of licence.
5. On or before 30 November of each year, the licensee shall file with the Commission a report on its expenditures for and exhibition of Canadian programming, in a manner and form prescribed by the Commission.
6. For the duration of the licence term, the licensee shall charge:

- (a) each distributor of the portion of the service described in conditions of licence 2(a)(i) and 2(a)(ii), a maximum wholesale rate of \$0.22 per subscriber per month, where the service is distributed as part of the basic service; and
- (b) each distributor that enters into an agreement with the licensee to distribute that portion of the service described in condition of licence 2(a)(iii), a wholesale rate per subscriber per month of an amount agreed upon by the licensee and the distributor, provided that the portion of the service described in condition of licence 2(a)(iii) has been launched on the distributor's undertaking.
7. (a) Subject to (b), the licensee shall not distribute more than 12 minutes of advertising material during each clock hour.
- (b) The licensee shall not distribute any paid advertising material other than paid national advertising.
8. The licensee shall operate the three regional feeds serving each of British Columbia, Alberta, and Atlantic Canada.
9. The licensee shall provide audio description for all the key elements of information programs, including news programming, with the exception of the local forecasts that are broadcast every ten minutes. For those local forecasts, as a substitute for audio description, the licensee shall provide six secondary audio program (SAP) channels that will broadcast audio of one-national and five regional weather overviews during the text segments of its local forecasts. For the purposes of this condition of licence, "audio description" refers to announcers reading aloud the textual and graphic information that is displayed on the screen during information programs.
10. Where included by the issuing authority under rules endorsed by the Pelmorex Alerting Governance Council, the licensee shall ensure that emergency alerts include audio information indicating the urgency and basic nature of the imminent threat without having to rely on a secondary source of information.
11. The licensee shall ensure that the emergency alerts distributed on the alert aggregation and distribution system and on The Weather Network/MétéoMédia are identical, including audio components.
12. The licensee shall file with the Commission a revised Pelmorex Alerting Governance Council Terms of Reference by no later than 31 March 2019.
13. The licensee shall take direction from the Pelmorex Alerting Governance Council on matters identified, at the time of licence renewal, in section 15 of the council's Terms of Reference or in an equivalent section in a revised Terms of Reference, including matters relating to Common Alerting Protocol compliance of alerts and equipment and to ongoing technical enhancements of the system.

14. The licensee shall seek advice from the Pelmorex Alerting Governance Council on matters identified, at the time of licence renewal, in section 16 of the council's Terms of Reference or in an equivalent section in a revised Terms of Reference.
15. The licensee shall ensure that the Pelmorex Alerting Governance Council includes at least one English-language broadcaster and one French-language broadcaster, as well as one distributor that serves an anglophone market and one distributor that serves a francophone market.
16. The licensee shall file with the Commission, by 31 May of each year, a report on behalf of the Pelmorex Alerting Governance Council detailing the activities of the council and enhancements to the National Alert Aggregation and Discrimination (NAAD) System planned or conducted over the previous calendar year, as well as any issues relating to governance that arose over the same time period. The reports should highlight the costs associated with enhancements related to the NAAD System and the timing of the implementation of those enhancements. The reports should also provide a summary of any discussions related to the roles and responsibilities pertaining to matters identified, at the time of licence renewal, in Section 15 and Section 16 of the Pelmorex Alerting Governance Council's Terms of Reference, or in equivalent sections in a revised Terms of Reference.
17. The licensee shall file with the Commission a report detailing its findings following its meetings with alerting officials across the country in regard to matters pertaining to the structure and operations of the Pelmorex Alerting Governance Council.
18. The licensee shall file with the Commission a detailed report of its meeting with the National Campus and Community Radio Association. The report should include a proposed course of action that the licensee and the industry could undertake in order to help mitigate the challenges posed by cost, technical capabilities, knowledge of available equipment suppliers, etc. associated with the connection of small radio broadcasters to the National Alert Aggregation and Dissemination System.

For the purpose of the conditions of this licence, all time periods shall be reckoned according to the eastern time zone.

For the purpose of the conditions of this licence:

- the terms "broadcast year" and "clock hour" shall have the same meanings as those set out in the *Television Broadcasting Regulations, 1987*; and
- "paid national advertising" shall mean advertising that is purchased at a national rate and receives national distribution on the service.

Expectations

The standard expectations applicable to this licensee are set out in Appendix 2 to *Standard requirements for television stations, discretionary services, and on-demand services*, Broadcasting Regulatory Policy CRTC 2016-436, 2 November 2016.

The Commission expects the licensee to be responsive to the needs and concerns of the Pelmorex Alerting Governance Council members.

The Commission expects the licensee, in consultation with the Pelmorex Alerting Governance Council members, to explore making adjustments to the operations of the council to ensure all voices are heard, such as implementing a practice of rotating the chair function of the council amongst various council members.

The Commission expects the licensee to file with the Commission, by 31 March 2019, the report described in condition of licence 17 of this appendix.

The Commission expects the licensee to engage with Indigenous radio stations and expects the findings of those conversations to be reflected in a report detailing its meeting with the National Campus and Community Radio Association and described in condition of licence 18 of this appendix. Further, the Commission expects the licensee to file that report with the Commission by no later than 31 March 2019

Encouragements

The standard encouragements applicable to this licensee are set out in Appendix 2 to *Standard requirements for television stations, discretionary services, and on-demand services*, Broadcasting Regulatory Policy CRTC 2016-436, 2 November 2016.

The Commission encourages the licensee to, within the first broadcast year of the licence term, hire a full-time video journalist to report from the Yukon, the Northwest Territories, Nunavut, and the north of various provinces.

The Commission encourages the licensee to, in each subsequent broadcast year, produce and air no less than 26 hours of original, first-run programming related to: the weather and weather events in Canada's North; the role of climate in the lives of those living in Canada's North; the impacts of the weather and changing weather patterns on the communities in Canada's North; and climate change in and its impacts on Canada's North and across the rest of Canada. Further, the Commission encourages the licensee to offer no fewer than 10 hours of this programming in each official language in each broadcast year.