



Broadcasting Decision CRTC 2019-30

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Reference: Part 1 application posted on 15 August 2018

Ottawa, 5 February 2019

Hunters Bay Radio Inc.

Huntsville and Bracebridge, Ontario

Public record for this application: 2018-0606-9

CKAR-FM Huntsville – New transmitter in Bracebridge

*The Commission **denies** an application for a new transmitter in Bracebridge to rebroadcast the programming of the English-language community radio station CKAR-FM Huntsville, Ontario.*

Application

1. Hunters Bay Radio Inc. (Hunters Bay) filed an application to amend the broadcasting licence for the English-language community radio station CKAR-FM Huntsville, Ontario, to add an FM rebroadcasting transmitter in Bracebridge.
2. The transmitter would operate at 104.7 MHz (channel 284B) with an average effective radiated power (ERP) of 4,111 watts (maximum ERP of 18,000 watts with an effective height of the antenna above average terrain of 137.6 metres).
3. Hunters Bay stated that the new transmitter was needed to correct apparent signal deficiencies within its licensed area, in particular in South Muskoka where the signal is weak due to topography and where many residents have difficulty receiving it. The licensee added that the transmitter would allow it to provide its programming to residents in Bracebridge, Gravenhurst and Muskoka Lakes, which it considers part of its authorized broadcast area.
4. Hunters Bay also submitted that the transmitter was necessary for the viability of its station since its limited signal had prevented it from selling advertising in the towns in the southern portion of its authorized broadcast area and forced it to rely heavily on the northern portion to provide the greater part of its revenues, which it claimed was unsustainable. Hunters Bay noted that the recent launch of a new commercial radio station in Bracebridge, CJMU-FM Bracebridge/Gravenhurst,¹ would create

¹ In *English-language commercial FM radio station in Gravenhurst and Bracebridge*, Broadcasting Decision CRTC 2016-399, 7 October 2016, the Commission approved an application by Bayshore Broadcasting Corporation for an English-language radio station in Bracebridge and Gravenhurst, Ontario.

competition in that market that would hamper its financial efforts should it fail to gain access to the market. In this respect, the licensee stated that it had added a studio in Gravenhurst and planned to add another in Bracebridge to increase its presence in the region.

Background

5. In *Community radio station in Huntsville*, Broadcasting Decision CRTC 2013-619, 21 November 2013 (Broadcasting Decision 2013-619), the Commission approved an application by Hunters Bay for an English-language community radio station to serve Huntsville and surrounding areas. Hunters Bay was the only applicant requesting to serve that market, and the Commission received numerous supporting interventions from individuals and businesses in Huntsville and as far as Bracebridge. The Commission also received a comment from Vista Radio Ltd. (Vista) questioning whether the proposal represented an appropriate use of radio spectrum as the requested frequency and technical parameters would extend the station's coverage far beyond Huntsville. In reply, Hunters Bay noted that it planned to serve surrounding districts, towns and townships and would not be a purely local Huntsville station.
6. Similarly, in its cover letter of 14 August 2012, Hunters Bay indicated that its application was to serve Huntsville and the surrounding towns and villages in close proximity. In a supplemental brief, it noted that Huntsville was at the northern tip of Muskoka and that its spoken word programming would include local news and information of interest to residents, particularly in North Muskoka and surrounding areas, including the neighbouring Almaguin Highlands area north of Huntsville. In its application, Hunters Bay indicated that it considered the communities of Huntsville, the district municipality of Muskoka, the town of Kearny and the townships of Perry, Armour and Ryerson to be local for the purposes of local news. However, in reply to a Commission staff letter, Hunters Bay excluded Bracebridge from its target market.

Interventions and applicant's reply

7. The Commission received numerous interventions supporting the current application from individuals and businesses in Bracebridge, Gravenhurst and outlying areas, as well as a joint opposing intervention by Bayshore Broadcasting Corporation (Bayshore), licensee of CJMU-FM, and Vista, licensee of CFBK-FM Huntsville and CFBG-FM Bracebridge.
8. Bayshore and Vista stated that they opposed the application on the following grounds:
 - the rebroadcasting transmitter would be located southwest of CKAR-FM's current 3 mV/m primary contour and would extend its coverage beyond both its current 3 mV/m and 0.5 mV/m contours;
 - Hunters Bay did not demonstrate an economic need as its three-year financial projections show that the station would generate a significant increase in revenues even if the application were denied;

- Hunters Bay did not demonstrate that the proposed transmitter was necessary to provide the service as originally proposed, and none of the supporting interveners who identified their location were within the proposed 3 mV/m contour and some were even outside the 0.5 mV/m contour; and
 - according to a reply to a Commission staff letter during the original licensing application, Bracebridge was not part of the target market for the station.
9. In reply, Hunters Bay submitted that it had always defined its local broadcasting area as Muskoka/Almaguin Highlands and that this was reflected in its spoken word programming. Further, it submitted that its original licensing application stated its intention to provide programming for all of Muskoka and the southern part of Almaguin Highlands.
10. From a technical standpoint, Hunters Bay submitted that the use of a transmitter was its only option to increase the reach of its signal due to short-spacing issues that prevented it from increasing the strength of its existing signal.
11. With regard to economic need, Hunters Bay stated that it currently had a loan to finance its equipment and operations and that it had run at a loss from 2013 to 2017. According to the licensee, any extra funds generated from the transmitter would go towards replacing, repairing or upgrading equipment which is below the national standard for campus and community radio stations, as well as reducing its debt and paying its employees. In addition, it noted that at the time of filing the application, it believed it could apply for a \$50,000 grant, but that it had since learned that it could not due to its operating deficit.

Commission's analysis

12. When the licensee of a radio station files an application for a technical change, the Commission generally requires the licensee to present compelling technical or economic evidence justifying the change. Given the preceding and after examining the public record for the application in light of applicable regulations and policies, the Commission considers that it must address the following issues:
- whether the applicant demonstrated a compelling technical need for the new transmitter;
 - whether the applicant demonstrated a compelling economic need for the new transmitter; and
 - whether the addition of the transmitter would result in an undue impact on existing stations in Bracebridge.

Licensed market

13. The *Radio Regulations, 1986* define an FM station's market as its 3 mV/m contour or the central Numeris area, whichever is smaller. In Broadcasting Decision 2013-619,

Hunters Bay Radio was licensed to serve Huntsville and surrounding areas (i.e. Huntsville and the smaller towns and communities in its vicinity).

14. CKAR-FM's 3 mV/m contour includes Huntsville and surrounding townships in close proximity, but not Bracebridge. The Commission considers that Bracebridge, Gravenhurst and the Muskoka Lakes area are not part of the station's licensed market.

Technical need

15. Hunters Bay is proposing to add a rebroadcasting transmitter 46 kilometers southwest of its existing transmitter, which would extend CKAR-FM's coverage beyond its current licensed area as well as its secondary contour. The areas affected by apparent signal deficiencies—Bracebridge, Gravenhurst and the Township of Muskoka Lakes—are located outside of the station's primary contour and close to the outer edge of its secondary contour where the licensee is not expected to be able to provide a reliable signal. Accordingly, the Commission is of the view that the licensee did not provide sufficient evidence to demonstrate that CKAR-FM's signal is not adequate to provide service within the market it was licensed to serve.
16. Given the above, the Commission finds that Hunters Bay has not demonstrated a compelling technical need for the proposed transmitter.

Economic need

17. While the station is not yet profitable, this is consistent with what Hunters Bay had originally projected, and it is not uncommon for radio services to incur losses during their first licence term.
18. Moreover, CKAR-FM's revenue growth has outpaced its expenses over the current licence term, resulting in an increase in profitability. In the event that the application were denied, the licensee projected that the station would be financially viable within a year.
19. Accordingly, the Commission finds that Hunters Bay has not demonstrated a compelling economic need for the proposed transmitter.

Impact on existing stations in Bracebridge

20. The market of Bracebridge is currently served by CFBG-FM (Vista) and CJMU-FM (Bayshore). The proposed transmitter's primary contour would overlap with the primary contours of both these stations, and Vista and Bayshore submitted that its approval would likely result in a significant negative economic impact on their stations.
21. Given that CJMU-FM is newly launched, the Commission considers that the proposed transmitter could have an undue impact on the station's ability to establish itself in the market. Moreover, while CFBG-FM is currently performing well, it is expected that the launch of CJMU-FM will impact the station's revenues.

Consequently, the addition of the transmitter could have a negative impact on CFBG-FM.

22. In light of the above, the Commission is of the view that approval of the application could have an undue impact on stations in the Bracebridge market.

Conclusion

23. In light of all the above, the Commission **denies** the application by Hunters Bay Radio Inc. to amend the broadcasting licence for the English-language community radio programming undertaking CKAR-FM Huntsville to add an FM rebroadcasting transmitter in Bracebridge.

Secretary General