



Broadcasting Decision CRTC 2004-135

Ottawa, 5 April 2004

O.K. Radio Group Ltd.
Edmonton, Alberta

*Application 2002-0209-4
Public Hearing at Edmonton, Alberta
18 June 2003*

Modern Rock FM radio station in Edmonton

*In this decision, the Commission **approves** the application by O.K. Radio Group Ltd. (OK Radio) for a new English-language FM radio station in Edmonton at 102.9 MHz. The new station will operate in a Modern Rock musical format, targeted to young adults between the ages of 18 and 34.*

*The application by OK Radio is one of four applications approved today for broadcasting licences to carry on new FM radio stations to serve Edmonton. The Commission heard these and other applications proposing new Edmonton FM radio stations at the 18 June 2003 Edmonton Public Hearing. In Introduction to Broadcasting Decisions CRTC 2004-133 to 2004-137 – Licensing of new FM radio stations to serve Edmonton, *Broadcasting Public Notice CRTC 2004-23, 5 April 2004*, the Commission reviews the factors relevant to the evaluation of competing applications, and discusses those factors leading to its determinations regarding the competitive state of that market and its ability to absorb the competitive impact that would be generated by the introduction of new radio services, without affecting unduly the ability of existing services to meet their programming responsibilities. The Commission's reasons for its approval of OK Radio's application, as set out in the present decision, are based on the Commission's assessment of the overall quality of the applicant's programming plans and commitments, and of the contribution that the proposed service will make to the programming diversity available to Edmonton radio listeners.*

Introduction

1. The Commission received an application by O.K. Radio Group Ltd. (OK Radio) for a broadcasting licence to operate an English-language FM radio programming undertaking at Edmonton at 102.9 MHz (channel 275C) with an effective radiated power of 64,000 watts.

2. The Commission considered this application at a public hearing held in Edmonton that commenced 18 June 2003. At the hearing, the Commission heard eight other applications, including seven other proposals for conventional, commercial, English-language FM stations to serve Edmonton, and one proposal for a new Edmonton Native Type B FM radio programming undertaking.
3. The criteria used by the Commission to evaluate the eight applications for conventional, commercial, English-language FM stations considered at the public hearing are set out in *Introduction to Broadcasting Decisions CRTC 2004-133 to 2004-137 – Licensing of new FM radio stations to serve Edmonton*, Broadcasting Public Notice CRTC 2004-23, (Public Notice 2004-23), published today. In Public Notice 2004-23, the Commission also announces that it has approved four applications for new Edmonton radio stations, including the application approved herein. This decision addresses the particulars of the application by OK Radio.

Ownership

4. OK Radio is the licensee of CKER-FM, an ethnic FM radio station also serving Edmonton. The applicant is also the licensee of CFGP-FM Grande Prairie, CJOK-FM and CKYX-FM Fort McMurray, Alberta, and CKKQ-FM and CJZN-FM Victoria, British Columbia. OK Radio also has a 50% ownership position in CHKF-FM Calgary, through Fairchild Radio (Calgary FM) Ltd. and CHKG-FM Vancouver, through Fairchild Radio (Vancouver FM) Ltd. Control of the applicant rests with Mr. Roger Charest.

Interventions

5. The Commission received 1,372 interventions in support of this application. The Commission also received two interventions in opposition to the proposed new station, and four interventions offering general comments.
6. The two interventions in opposition were submitted by Nic Hampton and Dale Crawford. Both opposing interventions expressed the opinion that the Edmonton radio market already provides an abundance of Rock and Top 40 music.
7. The interventions offering comments were submitted by Standard Radio Inc. (Standard), the Canadian Broadcasting Corporation (CBC), A. Gilbertson and T. Yerex.
8. Standard stated that the Edmonton radio market is already well served. It recommended that, if the Commission were to license a new service, that service should add to the diversity of the programming in the market.
9. In its intervention, the CBC indicated that approval of OK Radio's application to use 102.9 MHz in Edmonton has the potential to interfere with the CBC's future use of 102.7 MHz at Bonnyville, Alberta, as listed in the CBC's Long Range Radio Plan. However, the CBC indicated that it does not anticipate any objectionable interference as

a result. For this reason, the CBC requested that the Commission require OK Radio to agree to the CBC's use of 102.7 MHz (channel 274B) at its maximum parameters without any restriction.

10. The Commission notes that the matter of frequency coordination and potential for interference is under the jurisdiction of the Department of Industry (the Department), and that the Department has stated that OK Radio's application is technically acceptable as proposed.
11. The comments submitted by A. Gilbertson and T. Yerex expressed the view that the modern rock format proposed by OK Radio would have little impact on existing licensees since it would target an under-served demographic, and would add to the diversity available in the Edmonton market.

Evaluating the application

12. In its assessment of applications for new commercial radio stations, the Commission takes into account four main factors or bases of comparison that it has identified as being relevant. While the relative importance of the factors will vary depending on the specific circumstances of the market, these factors are:
 - quality of the application;
 - diversity of news voices in the market;
 - competitive state of the market; and
 - likely impact of a new entrant or entrants.¹
13. In Public Notice 2004-23, the Commission noted that there is already a considerable diversity of news voices in the market, since Edmonton residents have ready access to a very large number of news voices. The Commission notes that approval of this application will add to this diversity.
14. With respect to the competitive state of the market and the likely impact of a new entrant or entrants, in Public Notice 2004-23 the Commission concluded that the Edmonton radio market would be able to absorb, without any undue negative consequence, the introduction of the Native Type B FM service proposed by Aboriginal Voices Radio Inc. in addition to as many as three new commercial, music-based FM radio services, without affecting unduly the ability of existing services to meet their programming responsibilities.
15. As noted in Public Notice 2004-23, the above determinations leave the quality of each of the applications as the one remaining factor to be examined by the Commission in its deliberations concerning the Edmonton commercial FM applications.

¹ The relevance of these four factors was highlighted by the Commission in *Introductory statement – Licensing new radio stations*, which appeared in Decisions CRTC 99-480, 99-481 and 99-482, all dated 28 October 1999.

Quality of the application

16. The Commission generally assesses the quality of applications for licences to operate new radio programming undertakings by examining the following:
- . local programming proposals and plans for providing reflection of the local community;
 - . Canadian content commitments;
 - . quality of the business plan, including the proposed station format; and
 - . commitments in support of the development of Canadian talent.

Local programming and local reflection

17. OK Radio indicated that all programming on the proposed station would be local, station produced programming, and that its newsroom and treatment of news would be separate and distinct from that of its sister station CKER-FM. Weekly spoken word programming would include 3 hours of news plus a 30-minute news magazine that would be broadcast twice daily on weekdays and a one-hour news magazine on Sundays. Artist profile information would form part of a daily 30-minute program featuring artists on independent record labels. The applicant indicated the program hosts on the new station would provide additional lifestyle and information spoken word programming.
18. The Commission is satisfied that OK Radio's local and spoken word proposals would provide adequate reflection of the local needs and interests of the Edmonton audience and, more specifically, of the target audience for the proposed station.

Canadian content

19. Section 2.2 of the *Radio Regulations, 1986* (the Radio Regulations) requires that, on a weekly basis, a minimum of 35% of all category 2 musical selections, and a minimum of 10% of all category 3 musical selections broadcast be Canadian selections.
20. As part of its application, OK Radio made a commitment to ensure, by condition of licence, that at least 40% of all category 2 musical selections broadcast would be Canadian, both over the broadcast week and during the period 6:00 a.m. to 6:00 p.m. on weekdays.
21. The Commission notes that the applicant's commitment exceeds the minimum regulatory requirement, and would therefore provide increased exposure for Canadian music. A **condition of licence** requiring the applicant's adherence to its commitment is set out in the appendix to this decision.

Business plan and format

22. The applicant indicated that the proposed new station would operate in a Modern Rock music format, targeting young adults 18 to 34 years of age, with a particular focus on those between the ages of 25 and 34. The applicant stated that the music broadcast on the proposed station would be current modern rock, complemented by music from some of the newer, harder rock artists and some artists from the 1990s.
23. The applicant indicated that, if its application was approved, the new station would share some administrative and limited news gathering resources with CKER-FM. It stated however, that no programming would be shared between the two stations. Rather, the applicant stated that the new station would create its own programming, have its own on-air personalities and develop its own distinct identity in the Edmonton market.
24. OK Radio indicated that small numbers of listeners for its proposed station would come from the audiences of the existing Edmonton radio stations CKRA-FM (Mix 96), CKNG-FM (Power 92), CIRK-FM (K Rock) and CFBR-FM (The Bear), without a large impact on any one of them. The applicant also stated that it would expect the new station to eventually attract a maximum of 7.5% of all Edmonton listeners over the age of 12.
25. The Commission is satisfied that OK Radio has provided evidence of demand for its proposal and has set out a satisfactory business plan based on providing a musical format that would be attractive to a segment of the population that is currently under-served in the Edmonton radio market.

Canadian talent development

26. Under the Canadian talent development (CTD) funding plan instituted by the Canadian Association of Broadcasters (CAB), licensees adhering to the plan and serving markets the size of Edmonton are required to contribute a minimum of \$8,000 annually to CTD initiatives, through eligible third parties.
27. As part of its application, OK Radio proposed to spend a total of \$525,000 on CTD over a seven-year licence term, including the contribution specified under the CAB plan. The applicant proposed annual spending of \$75,000 which would include a \$37,500 contribution to the Foundation to Assist Canadian Talent on Record (FACTOR), all of which would be earmarked to support Alberta rock artists and, in particular, Edmonton-based artists. In addition to the FACTOR contribution, the applicant indicated that it would make an annual contribution of \$37,500 to the Alberta Recording Industries Association.
28. The Commission notes that OK Radio is a smaller independent broadcaster that will be operating a single English-language commercial FM station in the competitive Edmonton market. Based on these considerations, and noting that the applicant's CTD proposal far exceeds the minimum requirements of the CTD funding plan instituted by the CAB, the

Commission is satisfied that the financial commitments to CTD by OK Radio are reasonable. The appendix to this decision contains a **condition of licence** requiring the applicant's adherence to its CTD commitments.

The Commission's determination

29. The Commission considers that approval of this application would have the positive outcome of strengthening the competitive position of OK Radio and improving its capacity to maintain the operation of its ethnic radio service CKER-FM. Approval would also provide a new English-language editorial voice in the Edmonton radio market. Further, the Commission is of the view that OK Radio's proposal will add to programming diversity in Edmonton by providing a service that will be attractive to a young adult audience, a demographic that is under-served by existing commercial radio stations.
30. In light of the above, the Commission **approves** the application by O.K. Radio Group Ltd. for a broadcasting licence to operate a commercial FM radio programming undertaking at Edmonton. The new station will operate at 102.9 MHz (channel 275C) with an effective radiated power of 64,000 watts.

Issuance of the licence

31. The licence will expire 31 August 2010. It will be subject to the **conditions** set out in *New licence form for commercial radio stations*, Public Notice CRTC 1999-137, 24 August 1999, as well as to the conditions set out in the appendix to this decision.
32. The Department has advised the Commission that, while this application is conditionally technically acceptable, it will only issue a broadcasting certificate when it has determined that the proposed technical parameters will not create any unacceptable interference with aeronautical NAV/COM services.
33. The Commission reminds the applicant that, pursuant to section 22(1) of the *Broadcasting Act* (the Act), no licence may be issued until the Department notifies the Commission that its technical requirements have been met, and that a broadcasting certificate will be issued.
34. Furthermore, the licence for this undertaking will be issued once the applicant has informed the Commission in writing that it is prepared to commence operations. The undertaking must be operational at the earliest possible date and in any event no later than 24 months from the date of this decision, unless a request for an extension of time is approved by the Commission before 5 April 2006. In order to ensure that such a request is processed in a timely manner, it should be submitted at least 60 days before this date.

Cultural diversity

35. Section 3(1)(d)(iii) of the Act states, in part, that the Canadian broadcasting system should reflect the “multicultural and multiracial nature of Canadian society and the special place of Aboriginal peoples within that society”, and in *Commercial Radio Policy 1998*, Public Notice CRTC 1998-41, 30 April 1998, the Commission encouraged all radio broadcasters to reflect the cultural diversity of Canada.
36. As part of its application, OK Radio indicated that, as the first mainstream broadcaster in Canada to launch a full-time ethnic radio station in Edmonton it is aware of the cultural, ethnic, racial, religious and other elements that make up the Canadian mosaic. It stated that the knowledge and sensitivity gained from the operation of CKER-FM has informed its approach to the English-language radio stations OK Radio operates in other markets.
37. The applicant indicated that initiatives it has employed to contribute to the communities it serves have included the following:
 - workshops in the Indo-Canadian community;
 - provision of advice to CBC radio as to voices being representative of the four designated groups (women, Aboriginal peoples, disabled persons and visible minorities);
 - speaking engagements and participation in forums relating to the portrayal and employment of visible minorities in the media; and
 - on OK Radio’s rock music format radio stations, the use of spoken word features and promotions which are sensitive to the needs of women.

Employment equity

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

Secretary General

This decision is to be appended to the licence. It is available in alternative format upon request, and may also be examined at the following Internet site: <http://www.crtc.gc.ca>

Appendix to Broadcasting Decision CRTC 2004-135

Conditions of licence

1. The licence will be subject to the **conditions** set out in *New licence form for commercial radio stations*, Public Notice CRTC 1999-137, 24 August 1999, as well as to the following conditions of licence.
2. In each year of the licence term, the licensee shall contribute \$75,000 to specific direct Canadian talent development initiatives. These annual contributions shall include \$37,500 to the Foundation to Assist Canadian Talent on Record (FACTOR), earmarked to support Alberta and Edmonton rock music artists, and \$37,500 to the Alberta Recording Industries Association.
3. The licensee shall, as an exception to the requirements set out in subsection 2.2(8) of the *Radio Regulations, 1986* and subject to subsection 2.2(6) of these regulations, devote 40% or more of its musical selections from content category 2 to Canadian selections,
 - a) during the broadcast week, and
 - b) between 6:00 a.m. and 6:00 p.m., in any period beginning on a Monday and ending on Friday of the same week.