



Broadcasting Decision CRTC 2004-455

Ottawa, 12 October 2004

Andy McNabb, on behalf of a corporation to be incorporated
City of Kawartha Lakes, Ontario

Application 2003-0669-8
Public Hearing in the National Capital Region
9 August 2004

Christian music FM radio station in the City of Kawartha Lakes

*The Commission **denies** the application by Andy McNabb, on behalf of a corporation to be incorporated, to operate a commercial English-language specialty FM radio station in the City of Kawartha Lakes.*

The application

1. The Commission received an application by Andy McNabb, on behalf of a corporation to be incorporated (OBCI), for a broadcasting licence to operate an English-language commercial specialty FM radio programming undertaking in the City of Kawartha Lakes. The applicant proposed to operate at 96.7 MHz (channel 244B) with an average effective radiated power of 14,500 watts¹.
2. The applicant stated that the proposed station would provide a locally-focused service to the City of Kawartha Lakes (the former Victoria County), an amalgamated city that includes the former towns of Lindsay, Fenelon Falls, Boycaygeon and the surrounding rural areas. The proposed technical parameters would allow the proposed station to extend its service to the market of Peterborough, Ontario.
3. The station would offer a Christian music service (specialty format) with at least 95% of the music aired in each broadcast week drawn from subcategory 35 (non-classic religious). It would also broadcast 26 hours of religious spoken word programming in each broadcast week.
4. The applicant projected that the proposed station would generate advertising revenues of approximately \$700,000 in the first year of operation, increasing to over \$1 million by the seventh year of operations.

¹ The applicant originally proposed to operate at 106.7 MHz (channel 294B) with an average effective radiated power of 25,500 watts and a different directional antenna pattern. That application was withdrawn from the 7 June 2004 Public Hearing because it had not received technical approval from the Department of Industry due to a technical conflict with CJBC-5-FM Peterborough.

Interventions

5. The Commission received 38 interventions in connection with this application. Of these, 35 interventions, including a petition containing 433 signatories, supported the application, and three interventions opposed it.
6. Among the supporting interventions was one filed by Salem Communications Corporation (Salem), a U.S. company which owns and operates more than 90 radio stations in that country. The intervener stated that it would purchase all the hardware for the proposed station's transmitter and pay all of its installation costs, subject to an acceptable lease agreement with the applicant, up to a maximum total cost of \$325,000 Canadian.
7. The opposing interventions were filed by CHUM Limited (CHUM), the licensee of CKLY-FM Lindsay, and CKPT and CKQM-FM Peterborough; Scott Jackson of Trust Communications Ministries, the licensee of contemporary Christian music station, CJLF-FM Barrie and its transmitter CJLF-FM-2 Peterborough; and Mr. Saul Chernos.
8. The two broadcasters expressed concern about the potential impact of approval of the application on their operations.
9. CHUM contended that, if the applicant's advertising revenue projections were achieved, they would rival those of mainstream commercial radio stations in the region. CHUM submitted that, based upon the applicant's advertising revenue projections, the licensing of the proposed station would have a significant negative impact on CKLY-FM Lindsay and on the intervener's Peterborough stations.
10. Mr. Jackson submitted that, based on his experience, the applicant's advertising revenue projections were "exceedingly high" for a Christian music station and that, given the size of the Kawartha Lakes market, the proposed station would likely need to draw advertising revenue from Peterborough in order to realize its projections.
11. Messrs. Jackson and Chernos pointed out that the Kawartha Lakes area is already served by the Christian music radio station CJLF-FM. Mr. Chernos also noted that, in June 2004, the Commission authorized King's Kids Promotions Outreach Ministries Incorporated to operate a new Christian music FM radio station in Peterborough.² According to these interveners, the licensing of another Christian radio service in the area would represent a duplication of service. Mr. Jackson further contended that there is not enough revenue in the area to support another Christian radio service.

² *Christian music FM radio station*, Broadcasting Decision CRTC 2004-201, 9 June 2004

The applicant's response

12. In response, the applicant argued that its proposed station would not be competitive with the interveners' radio stations in the area because it planned to provide a local service focused on the City of Kawartha Lakes.
13. The applicant also pointed out that CJLF-FM is a Christian music service targeted primarily to a younger audience. The applicant submitted that its proposed station would appeal to an older audience because it would offer up to seven hours of Christian talk programs daily.

The Commission's analysis and determination

14. The Commission finds that the supporting intervention filed by Salem raises several questions with respect to the financing of the proposed undertaking, particularly regarding the source of funding for the installation of the station's transmitter. The Commission would have expected this information to have been filed by the applicant as part of the application process.
15. The Commission notes that CKLY-FM Lindsay, the only radio station currently licensed to serve the Kawartha Lakes radio market, has reported below average levels of profitability in each of the past five years. Furthermore, based on its examination of the record, the Commission finds that, if the applicant realized its revenue projections, the amount of advertising revenue, excluding brokered time sales, generated by the proposed station in its first year of operation would be considerable compared to the revenues generated by CKLY-FM in 2003. Given that it is reasonable to assume that a portion of the advertising revenue that would be earned by the proposed station would be garnered from CKLY-FM, the Commission is of the view that the applicant's proposal, if approved, could have a significant negative financial impact upon CKLY-FM.
16. In light of the possible negative impact that the proposed station could have upon CKLY-FM, the Commission **denies** the application by Andy McNabb, OBCI, for a broadcasting licence to operate an English-language commercial specialty FM radio programming undertaking in the City of Kawartha Lakes.

Secretary General

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