



**Canadian
Association of
Broadcasters**

**L'Association
canadienne des
radiodiffuseurs**

March 10, 2006

SENT VIA EMAIL

Ms. Diane Rhéaume
Secretary-General
Canadian Radio-television and
Telecommunications Commissions
1, Promenade du Portage
Gatineau, Québec
K1A 0N2

Dear Ms Rhéaume :

**RE : Notice of Broadcasting Public Hearing CRTC 2006-12
Application No. 2005-185-9 by 663975 B.C. Ltd
Relating to Radio Station CKFU-FM Fort St-John, British-
Columbia**

1. The Canadian Association of Broadcasters (CAB) – the national voice of Canada’s private broadcasters, representing the vast majority of Canadian programming services, including private radio and television stations, networks and specialty, pay and pay-per-view televisions services – is pleased to intervene in the context of the above-mentioned application to provide some general comments related to the impact of LPFM services on incumbent full power private radio stations, especially in small markets.
2. 663975 B.C. Ltd (Moose FM) has filed an application for a technical amendment to its licence for CKFU-FM to change the authorized contours by increasing the antenna height and by relocating the transmitter (non directional antenna\antenna height of 45 meters). The licensee indicated that it needed to move its antenna to a new site to allow for generator back-up to power the transmitter when hydro power fails.
3. Since LPFM transmitters do not draw much power, the CAB does not understand what prevents the licensee from installing any sort of emergency power backup at their existing transmitter site. The CAB is therefore of the view that the licensee’s real motivation is simply to move the antenna to a

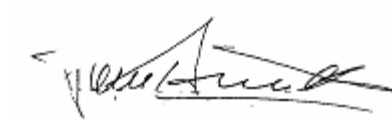
more favourable site that has better coverage of the area CKFU-FM is licensed to serve.

4. For this reason, the CAB's intention with this intervention is to raise the Commission's awareness on the impact of LPFM services, such as CKFU-FM, on incumbent private radio stations.
5. In decision 2003-43, approving the CKFU-FM application, it is stated that: *"The Commission finds that the proposed station, particularly as a low-power operation, would not have an undue negative impact on the operations of the existing commercial radio stations competing for audiences and advertisers within the Fort St. John market."*
6. The CAB notes that in response to a deficiency question in the context of its current application, the licensee provided its revenue projections for the next five years which it forecasts to be between \$1.0 million in year 1 and \$1.4 million in year 5 from local advertising derived from the Fort St. John market. Further, by its own admission the applicant hopes that the approval of its application "will help to maintain our current revenues", which would indicate that CKFU-FM local revenues are already above the million dollar threshold.
7. The CAB submits that for a market with a population of less than 25,000 which is already served by two other commercial radio stations, these revenue forecasts appear quite large and could hardly be based on incremental local advertising revenue alone. In fact, it is quite possible that the station may be grabbing between a 33 - 50 % of the Fort St. John local advertising pie. Which begs the question: **what does the Commission deem to be undue negative impact of LPFM stations on incumbent commercial full power local stations?**
8. Given that CKFU-FM has not, to our knowledge, filed with the CRTC its annual financial report for the broadcasting year 2005 (a basic requirement for each radio licensee, be it a low-power or full power operator), more than three full months after deadline (November 30th), the CAB submits that the Commission cannot adequately assess what impact CKFU-FM's application would have in the Fort St. John's radio market.
9. As the CAB has stated time and again, while the policy framework currently in place for low power radio places a priority on the principle of *complementary* services, the reality is that low power radio often represents another layer of *competition* for private radio broadcasters. The impact of low power FM in small markets can be severe, as frequencies are less scarce and applications are more likely to offer commercial competition due to extensive coverage area despite their low effective radiated power. Hence, our concern about applicants potentially using low power radio as an opportunity to enter the broadcasting system "through the back door", with

few of the regulatory obligations carried by private commercial radio operators.

10. CKFU-FM's local advertising projections, as stated in its application, appear to confirm that, indeed, the impact of low power FM can be severe, especially in small markets such as Fort St. John.
11. The CAB appreciates the opportunity to provide its comments.

Yours truly,



Pierre-Louis Smith
Vice-President, Radio

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Len Katz, CRTC
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