

Appendix 1: Supplementary Brief

An Application by Pelmorex Weather Networks (Television) Inc. for the licence renewal of The Weather Network and MétéoMédia (the “Application”)

July 11, 2017

Table of Contents

Contents

1. Executive Summary.....	3
2. Looking forward – The Canadian Broadcasting System 2018-2025	7
3. Introduction to The Weather Network and MétéoMédia – Unique Services	10
4. Successes in the Current Licence Term.....	17
5. Our Commitments for the Next Licence Term.....	24
6. An Essential Service Requiring Digital Basic.....	32
7. The Consequences of Removing The Weather Network and MétéoMédia from the Basic Service ..	55
8. Conclusion.....	58
9. Appendices.....	59
A. National Public Awareness and Attitudes Survey	
B. Localized Distribution of The Weather Network and MétéoMédia	
C. Letters of Support	
D. Proposed Distribution Order for the carriage of The Weather Network and MétéoMédia	

1. Executive Summary

1. Pelmorex Weather Networks (Television) Inc. (“Pelmorex”) respectfully requests a full seven-year renewal for the broadcasting licence for The Weather Network and MétéoMédia under the same terms and conditions as our current licence,¹ including the mandatory order granting us digital carriage on basic and our genre protection as the exclusive broadcaster of weather and environmental news. We look forward to continuing to provide Canadians with our unique local weather and safety services, including local forecasts, travel information and emergency alerts, in both official languages, no matter where they live or where they are.
2. Local weather forecasting continues to be the core of our business and we maintain a concerted focus on providing the essential and most-frequently updated weather, environmental and safety information, in both official languages, that Canadians need to plan and stay safe. We remain unique by delivering custom local forecasts to TV subscribers in more than 1,000 Canadian communities. Canadians continue to turn to The Weather Network and MétéoMédia for breaking news during active weather situations, and they rely on our National Alert Aggregation and Dissemination (NAAD) System to enable the distribution of emergency alerts across the country.
3. The past six years have been particularly challenging for Canada’s broadcasting industry as the long-anticipated shift from traditional to digital content consumption began in earnest, creating a new market dynamic. Broadcasters must provide content across a variety of platforms in order to serve all Canadians, while ensuring their traditional TV offering is as valuable as ever before. The Weather Network and MétéoMédia have met these new challenges by innovating and investing to be more local, more relevant and more accessible to Canadians, and by broadening our commitments and contributions to Canadian expression and public safety.
4. Pelmorex stands out among Canadian broadcasters by continuing to do more, not less, in the face of an increasingly challenging market. Our current licence term has been, and continues to be, extremely productive. We expanded our local and regional reflection by launching new regional programming feeds in British Columbia, Alberta, and Atlantic Canada, to join our existing two national and Greater Montreal and Extended Greater Toronto Area feeds. The additional opportunity for live hosted regional forecasts has allowed us to better our already industry-leading Canadian content exhibition levels, and we have increased our Canadian programming expenditure levels to more than 44% of our revenue. At the same time, we launched High Definition (HD) formats for both of our networks, which included developing and deploying new localization technology to provide a local weather experience in HD.
5. The expansion and use of the NAAD System during our current licence term has been as significant as our programming enhancements. In 2015 we enabled the mass distribution of life-saving alerts to Canadians through all TV and radio broadcasters and distributors, and by April

¹ Other than certain conditions of licence which are spent or for which amendments are required to update the licence as a result of changes to various regulations. See Doc4 App1a, filed as part of this application.

2018 we will enable the launch of wireless public alerting in Canada. The NAAD System now authorizes and distributes more than 4,000 public alert messages per month, on average. It has also enabled the Commission to form policies that enhance the safety of Canadians.

6. In the coming licence term The Weather Network and MétéoMédia are committed to further enhancing our programming, broadening our localized TV experience, and supporting the increased use and scope of the NAAD System. We plan to add regular programming from and about Canada's North that will teach Canadians about the ongoing impact of the weather on Canada's most remote Indigenous communities, including the effects of climate change. By hiring a Northern-based video journalist we will also increase our ability to report on the North and better serve the many Northern communities that were recently added to our network of local broadcast systems.
7. We also plan to significantly enhance our localized TV offering by replacing our original standard definition (SD) PMX localization boxes with equipment capable of delivering on-screen local forecasts to Canadian communities in both SD and HD. Our relevance and success began when we installed our localization equipment at 1,000 BDU headends nearly three decades ago to enable our unique delivery of programming content. Replacing this equipment will represent a major milestone for The Weather Network and MétéoMédia and a significant enhancement for our viewers.
8. Finally, we are committed to continue operating, enhancing and funding the NAAD System. The effectiveness of the NAAD System for our Emergency Management partners and for Canadians remains a top priority. As we have learned throughout the current licence term, public alerting and the role of the NAAD System today far exceeds what was anticipated in 2011. We believe the evolution of alerting will be that much greater in the coming seven years. If we maintain our current licence conditions and carriage we will be able to provide this critical service at no cost to governments or broadcasters. We plan to do so, as well as undertake all of these enhancements and offer our essential local weather services, in both languages, across different feeds and with local forecasts to communities across the country, with no change to our wholesale subscriber fee, which has remained at \$0.23 since 1993.
9. Indeed, Pelmorex is unlike any other broadcast licensee. Our services are truly exceptional in the sheer number of ways we contribute to the objectives of the *Broadcasting Act* and of the digital basic service. The Weather Network and MétéoMédia are unmatched in providing 100% Canadian content across seven programming feeds, including 125 hours of original, first run programming per week. And our average Canadian programming expenditure during the current licence term was significantly greater than the average of all Category A specialty services.
10. The Weather Network and MétéoMédia make the basic service more comprehensive and valuable to Canadians by providing the most local and relevant forecasts and weather news. Our programming is drawn from national, regional and local sources, particularly from viewers who share images and videos that help us extend our coverage to every corner of Canada. All

Canadians can see themselves in our programming and learn about each other, including our nation's unique linguistic duality and the special place of Indigenous peoples in our society.

11. We make an unparalleled contribution to public safety as well, through our programming and by operating and funding the NAAD System, the backbone of the national public alerting system. The Commission has recognized the exceptional contribution that our programming makes to safeguarding Canada's social and economic fabric. Our services provide active weather forecasting and tracking, frequently updated road and travel information, and emergency alert messages, 24 hours a day, seven days a week. The Commission has similarly recognized the exceptional contribution of the NAAD System, which has allowed for the expansion of emergency alerting to all TV and radio broadcasters and, soon, to all wireless devices.
12. It is not surprising then that Canadians strongly identify The Weather Network and MétéoMédia as public services that provide information essential to living and working in our climate. They feel comfortable knowing our services are available during extreme weather conditions to help them plan and stay safe. An overwhelming 83% of Canadians subscribing to a BDU service would like to see The Weather Network and MétéoMédia renewed as part of the basic service. While a majority of Canadians would be upset were our services moved to a higher programming tier, they also recognize it would have a particularly negative impact on Canadians without Internet access, those who are not comfortable accessing the Internet, the elderly and low income Canadians.
13. Maintaining our historically low wholesale fee of \$0.23, which has remained the same since 1993, for both of our programming services will ensure no impact on the price of the basic service for Canadians. Were The Weather Network and MétéoMédia removed from the basic service, however, the consequences for Canadian viewers would be significant.
14. The nature of our services is such that many Canadians tune in briefly to check the forecast and road information before planning their day. This consumption pattern, given our unique programming, significantly reduces our advertising revenue potential relevant to our substantial audience reach, making us dependent on broad, easily accessible distribution to Canadians. We have always operated on a cross-subsidy model whereby our revenue from major centres has allowed us to serve hundreds of small, rural and remote Canadian communities from which we could never recover our capital and operating costs.
15. With a reduced subscriber base we would have to cut costs and increase our subscriber rate for both of our national services to remain viable. For instance, we estimate we would need to cut more than \$38 million from our budget over the next seven years to maintain the business capacity we would anticipate under our current licence conditions. We would have to shift our focus to Canada's largest markets that drive the majority of advertising revenue, and Canadians, particularly those in rural areas, would notice reductions in our regional and local weather news and forecasts and decreases in the availability of our signal in rural and remote areas.

16. Finally, if The Weather Network and MétéoMédia were no longer made available on the digital basic service, Pelmorex would be unable to support and provide the NAAD System as part of its licensed undertakings, possibly jeopardizing the availability, effectiveness and cost of public alerting in Canada.

17. Fortunately, Pelmorex sees no reasonable justification for removing The Weather Network and MétéoMédia from the basic service. We have continued to meet and exceed all of the objectives that have been set for us since we have received this important designation under Section 9(1)(h) of the *Act*. And we are pleased to be able to once again commit to providing more to Canadians, and enhancing our contributions to the objectives of the basic service and the *Act*, in the coming licence term without an increase to our wholesale rate. The Weather Network and MétéoMédia look forward to continuing to make our unique, essential and extraordinary contributions to Canadian expression and public safety for another productive licence term.

2. Looking forward – The Canadian Broadcasting System 2018-2025

18. The ongoing and likely future impact of new technology and content delivery methods on the Canadian broadcasting industry is well documented. Indeed, it has rightly been a central consideration in most regulatory proceedings over the past decade. But in one of the many policies resulting from its landmark *Let's Talk TV* proceeding, the Commission highlighted the dual challenge of developing “a regulatory framework that is responsive to the innovative ways in which content can and will be delivered, while recognizing and valuing the more traditional ways of accessing content.”²
19. The Commission raised a most important point. While it is necessary to have an eye to the future, the ongoing challenge is not only how to meet the changing demands of Canadian consumers. Rather, it is how to do so while still serving the majority of Canadians that continue to consume broadcasting content in traditional ways. As the Commission also noted in that policy, “many Canadians continue to be satisfied with consuming content on traditional TV platforms in the same ways and quantities as they have for decades.”³ It predicted that this “tension between the multiple approaches to delivering and consuming video content is likely to affect how and what content is developed and offered in the **next five to ten years.**”⁴

The multi-platform reality

20. When that policy was issued two years ago, broadcasting industry dynamics had reached a long-predicted turning point. Total Canadian BDU subscriptions, which had peaked at 11.5 million in 2012, declined by 2.5% to 11.25 million by 2015.⁵ Similarly, traditional television viewing declined by 4% (more than an hour per week) between the 2010-11 and 2014-15 broadcasting years. Meanwhile, 27% of adults aged 18 to 34 were consuming TV exclusively online by 2016.⁶ The new dynamic had fully arrived.
21. However, subscription television service from a BDU is still by far the most dominant source of content delivery. In 2015, 80% of Canadian households⁷ subscribed to some form of BDU service and Canadians spent roughly 10-times as many hours watching traditional TV per week compared to Internet television.⁸ But modest subscription and viewership declines have had noticeable financial repercussions. Total Canadian television service revenues declined by 1.2% between 2012 and 2013 and again by 3.4% between 2014 and 2015.⁹

² Broadcasting Regulatory Policy CRTC 2015-96. *Let's Talk TV: A World of Choice - A roadmap to maximize choice for TV viewers and to foster a healthy, dynamic TV market.* Paragraph 6.

³ BRP CRTC 2015-96. Paragraph 6.

⁴ BRP CRTC 2015-96. Paragraph 6. Emphasis added.

⁵ CRTC financial summaries and Communications Monitoring Report 2016.

⁶ Interactive Advertising Bureau Canada. *Canada's Canadian Media Usage Trends Study (CMUST) 2016.*

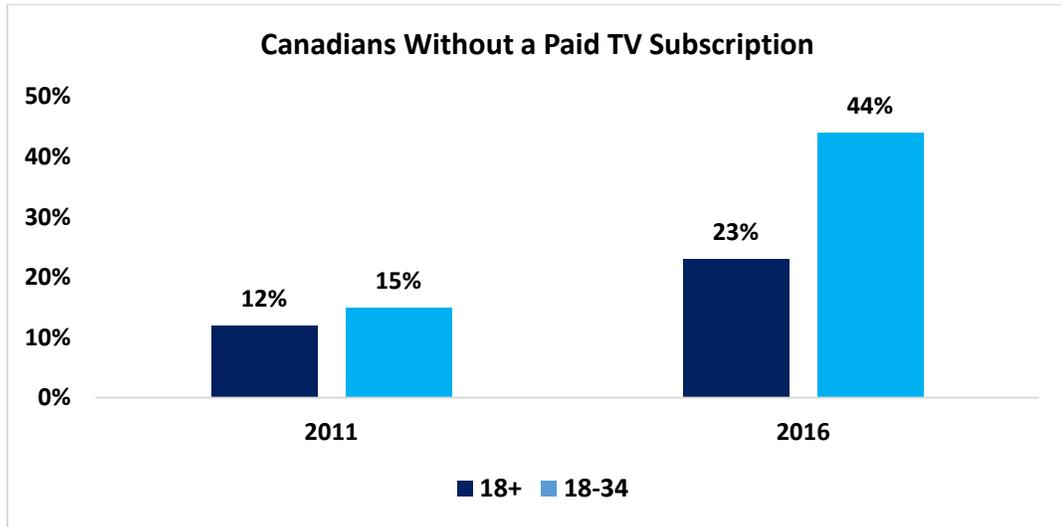
⁷ “Private dwellings occupied by usual residents.” Statistics Canada, Census Profile 2016.

⁸ *CRTC Communications Monitoring Report [CMR] 2016.*

⁹ CMR 2016.

22. As a result, specialty services should anticipate simultaneous declines in subscriber fees and advertising revenue. The majority of cord-cutters and cord-never households also represent the age demographic preferred by advertisers, making the impact of cord cutting on TV ad revenues that much more pronounced. Specifically, the percentage of Canadians aged 18-34 without a paid TV subscription nearly tripled between 2011 and 2016, rising from 15% to 44%.

Figure 1: Canadians with a paid TV subscription, 2011-2016¹⁰



23. The implications are clear. No single form of media can now be relied on for the reach needed to support a healthy business model for most broadcasters, and none should be neglected by any content provider that wants to maintain viewers and advertising revenue.

A framework for the future

24. The Commission clearly shares broadcasters' goal of maintaining quality programming that contributes to the objectives of the *Broadcasting Act* for the majority of Canadians who access programming through a traditional BDU subscription. The policies resulting from the *Let's Talk TV* proceeding provide a framework that helps the broadcasting industry serve Canadians as content consumption becomes increasingly fragmented. For instance, requiring BDUs to offer a streamlined, more affordable, "skinny" basic package is intended to respond to evolving consumer preferences by allowing Canadians to more easily buy into the broadcasting system and access programming on a now-mandated pick-and-pay basis. Such choice is more akin to the digital world. But with a \$25/month price ceiling, the skinny basic package is also the single-most affordable way for Canadians to access essential news, information and entertainment services.
25. Traditional television service – whether accessed through an antenna, cable, satellite or IP network – is now the most available and accessible option for many Canadians to access

¹⁰ Interactive Advertising Bureau Canada. *Canada's Canadian Media Usage Trends Study (CMUST) 2016*.

important news and entertainment services. For instance, 18% of Canadian households do not have a fixed broadband subscription and more than 10 million Canadians do not have a mobile data plan.¹¹ In its 2016 Regulatory Policy following a review of basic telecommunications services,¹² the Commission also noted that many Canadians lack the necessary digital literacy skills needed to comfortably access essential information online and through mobile platforms.

26. The Commission took steps in that policy to eliminate the broadband access gap, particularly in rural and remote areas, and it encouraged the Government of Canada in its efforts to develop stronger digital literacy among Canadians. But achieving these important objectives will take time. The current and ongoing reality is that Canada's mature media market includes an extensive mix of Canadians who now access information and entertainment exclusively through digital platforms, a majority of Canadians who augment subscription TV services with digital options, and many who continue to rely on traditional television service alone. Policies and business plans designed to ensure a balance between traditional and new content consumption methods are therefore essential and will remain so for the foreseeable future.

¹¹ CMR 2016.

¹² Telecom Regulatory Policy CRTC 2016-496. *Modern telecommunications services – The path forward for Canada's digital economy*

3. Introduction to The Weather Network and MétéoMédia – Unique Services

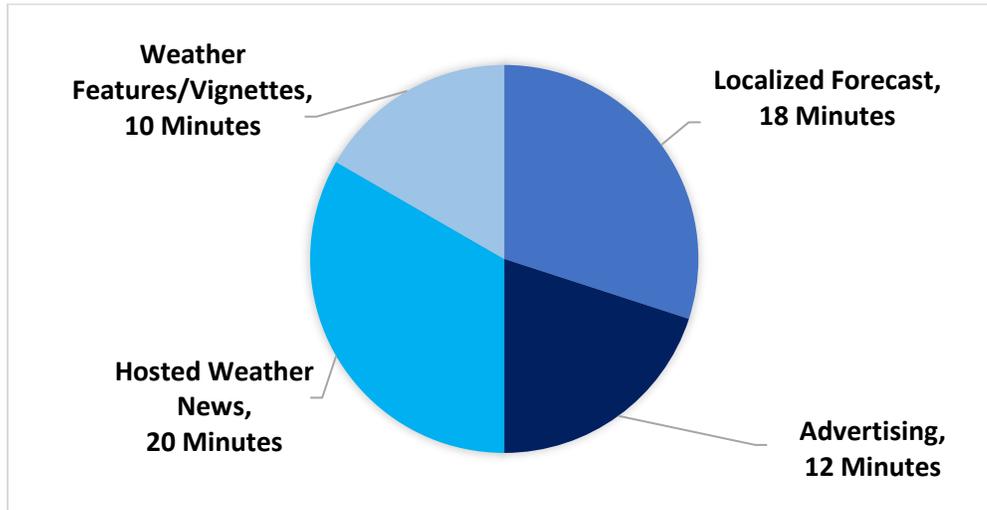
27. With this understanding of the broadcasting environment in which we are most likely to operate, Pelmorex is pleased to submit our Application for the renewal of our specialty television broadcasting licence for The Weather Network and MétéoMédia, companion services operating under a single licence.
28. Our current licence expires on August 31, 2018 and we are seeking a full seven year licence renewal under similar terms as our current licence, including the mandatory order granting us digital carriage on basic and our genre protection as the exclusive broadcaster of weather and environmental news. We are also requesting the Commission require carriage of both of our services, in High Definition (HD) and Standard Definition (SD), on the basic digital package of all BDUs.
29. Pelmorex is one of Canada's few remaining independent specialty television broadcasters. It is a unique service that:
- Maintains a concerted focus on providing local weather, environmental and safety information, including emergency alerts;
 - Provides 100% Canadian content, including 125 hours of first-run programming per week;
 - Delivers local information in English and French across Canada, including two national and five regional feeds delivering literally thousands of hours of original Canadian content each year;
 - Customizes its signal delivery to accommodate BDUs' distribution technologies;
 - Is a digital content leader providing essential weather and safety information to Canadians on their preferred platforms; and
 - Operates the National Alert Aggregation and Dissemination (NAAD) System, the backbone infrastructure of Canada's national public alerting system.

Commitment to weather and environmental programming

30. The Weather Network and MétéoMédia are Canada's trusted sources for all weather information, be it local daily and long-term forecasts, active and extreme weather updates, emergency alerts, road reports, pollen counts, air quality information, and UV levels, which we were the first to report in real-time in 1993. We operate broadcasting centres in Oakville and Montreal, as well as bureaus in Halifax, Calgary and Vancouver, providing live weather news and information 24 hours a day, 365 days a year in both official languages. Today, at least one of our specialty services are distributed as part of the basic service on cable, DTH and Internet Protocol TV (IPTV) systems to more than 11 million Canadian homes.
31. Local weather forecasting is the core of our business. Our local forecasts are constantly updated as weather conditions change and provide a level of detail well beyond what is available on local radio or television. Local weather observations and forecast information for our viewers are on

screen every minute of every day, with a custom local forecast delivered every 10 minutes. This means that Canadians can turn to The Weather Network or MétéoMédia any time, day or night, to instantly get the local weather information they need. The figure below provides a breakdown of a typical hour of programming on The Weather Network.

Figure 2: Typical programming hour for The Weather Network and MétéoMédia



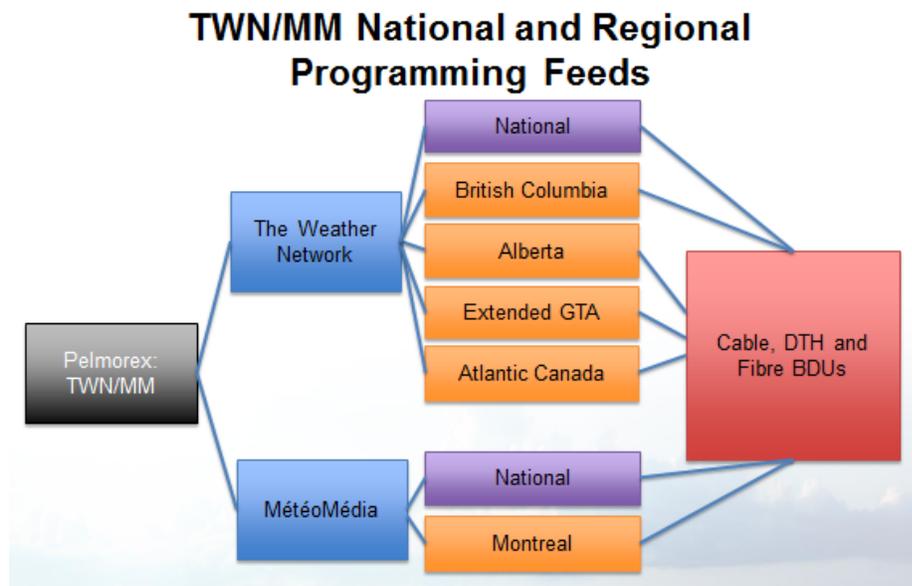
32. The Weather Network and MétéoMédia's forecasts are the most accurate because they combine strong value-added input from meteorologists with the most frequent updates and the most specific, local information for the communities we serve. Our forecasts are developed by augmenting raw data from Environment Canada with additional data (observations, radar and models) from other sources and countries.
33. We use our state-of-the-art software systems to develop short, medium and long-term forecasts specific to locations down to a one square km area, refining data for each town and city. Our staff of 40 meteorologists and 60 technologists allows us to analyze and adjust the forecast results 24 hours a day, seven days a week, to produce our unparalleled line-up of weather, road condition and environmental safety forecasts and information.
34. The Weather Network and MétéoMédia focus on presenting our weather news in a way that helps Canadians plan their day and stay safe, and that informs Canadians of what is going on across their country. To do so we draw on our stable of reporters in Montreal and Toronto-Oakville and our regional bureaus, and 42 weather observers and stringers from coast to coast. We profile weather and environmental issues that matter most to Canadians, such as emergency preparedness, providing the latest weather alerts including watches and warnings.
35. Our programming, however, prioritizes active weather situations. We can adjust our programming schedule in minutes to cover active and extreme weather events as they unfold, from in the studio and in the field. Pelmorex was among the first broadcasters to integrate Canadian-made Dejero mobile news gathering technology into its programming, and pioneered

live, on-location coverage of active and extreme weather events, even as severe weather is on the move.

Two national, five regional, and more than 1,000 local channels

36. Knowing that weather and safety information is most valuable at the local level, we deploy a variety of technologies to deliver regional and local forecasts, in English and French, across Canada. The service begins with our The Weather Network and MétéoMédia national English and French services, augmented by five regional feeds, providing regional weather news programming to British Columbia, Alberta, the Extended Greater Toronto Area, the Greater Montreal Area and Atlantic Canada, as illustrated below.¹³

Figure 3: TWN/MM¹⁴ Programming Distribution



37. What truly makes Pelmorex unique is that we broadcast local forecasts to more than 1,000 Canadian communities. We do this by deploying our patented localization technology (PMX) at each cable headend in partnership with BDUs of all sizes and in all locations. The result is that our two broadcast services are in effect more than 1,000 different channels, delivering customized information to each community.
38. In fact, for many communities The Weather Network and MétéoMédia are the only source of up-to-date local or regional weather, including road weather information and weather warnings and watches. For example, Newfoundland and Labrador has only 15 communities served by local radio and one served by local television, but 117 communities across the province can receive local weather updates from The Weather Network and MétéoMédia. Similarly, TV subscribers in 290 Saskatchewan communities can receive customized, local forecasts from The

¹³ More detail on our regional broadcast feeds is provided later in this brief.

¹⁴ The Weather Network and MétéoMédia

Weather Network and MétéoMédia, compared to only 25 communities served by local radio and four by local television in the province.¹⁵

39. Local forecasts and safety information are as important in major centres as they are in rural communities. Where TV and radio stations serving Canada's largest markets often provide forecasts and weather news market-wide to reflect their broadcasting reach, The Weather Network and MétéoMédia also provide custom forecasts within large cities – five local forecasts throughout Montreal and 16 in the Greater Toronto Area, for example. No one else provides the detail and update frequency of our weather, environmental and safety information.

A weather and environmental news network for all Canadians in all situations

40. The Weather Network and MétéoMédia have always met a variety of viewer demands, and continue to do so. Canadians' weather needs are as varied as the weather itself, so the viewing population is comprised of different segments. Millions of Canadians use our services daily to check the weather and plan their days. Others check the weather when planning special activities or events that are important to their personal lives, such as trips and outdoor activities where our pollen, UV and air quality information would be valuable. Viewership is also seasonal, with typical increases in the winter months, particularly as Canadians rely on our forecasts and detailed road reports. Through the first five months of this year, our two services combined have averaged 2.2 million unique viewers per day, 5.6 million per week and 9.3 million per month.¹⁶
41. When active weather occurs – e.g. storms, extreme heat, flooding, or cold weather – viewership spikes as more Canadians tune into our services. The information provided by The Weather Network and MétéoMédia help Canadians know how to prepare for a weather event, be it altering travel plans or taking precautions to protect property and life. As the Commission noted when it first granted our mandatory distribution order in 2009, the nature of our services and their 24/7 availability “make a unique contribution to public safety, thereby safeguarding Canada's social and economic fabric and fulfilling section 3(1)(d)(i) of the Act.”¹⁷
42. We anticipate that the availability of our services will become increasingly important each year, particularly as extreme weather events become more common due to climate change. We are not alone in this belief. Canada's national emergency management framework was amended this year so to identify the increased impact of climate change, as:

“climate change will continue to increase the frequency and intensity of extreme weather events such as heat waves, heavy rainfalls and related flooding, droughts, forest fires, serious winter storms, hurricanes and tornados; that may increasingly strain emergency management capacities and budgets across Canada.”¹⁸

¹⁵ CRTC: Radio, TV and Cable Broadcasting Services that do and do not need a licence.

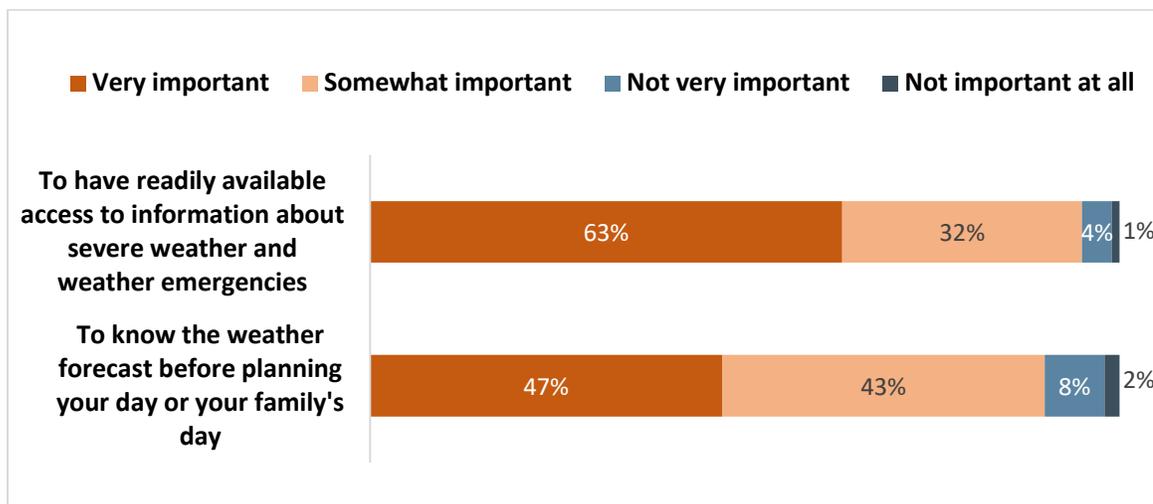
¹⁶ Numeris data.

¹⁷ Broadcasting Order CRTC 2009-340. *Mandatory distribution order for The Weather Network and Météomédia.*

¹⁸ Government of Canada. *An Emergency Management Framework for Canada - Third Edition.*

43. An Earncliffe Strategy Group survey of Canadians conducted in April 2017 provides insight into how Canadians view access to weather news.¹⁹ Specifically, 90% of respondents to that survey agreed that it is important to know the weather forecast before planning their day, and 95% feel it is important to have readily available access to information about severe weather and weather emergencies.

Figure 4: Importance of Weather Information for Severe Conditions and Planning Your Day



44. The polling indicates that access to our TV services is increasingly important for Canadians aged 50 and over, who now account for nearly 68% of our viewing audience, up from 52% only seven years ago. The Weather Network currently has the sixth-largest reach among Canadian specialty channels with Canadians aged 50 and over, and MétéoMédia ranks seventh with the same demographic among French-language specialty channels.²⁰
45. We continue to innovate to provide an enhanced experience to our core audience of television subscribers. For instance, the interactive TV services we offer through a variety of BDU set-top boxes make local forecasts available to BDU subscribers on demand. They also allow subscribers to view the forecast for wherever they may be travelling, right from their TV, just as they might on a personal computer or mobile device.
46. We have long recognized that Canadians also want weather and safety information wherever they are, including when away from home, and they want the interactivity needed to check the forecasts for wherever they may be going. In 1995 The Weather Network and MétéoMédia were among the first Canadian companies with web sites. The freedom of the Internet also allowed us to expand our number of forecast locations to 20,480 individual communities in Canada. Last year, our web sites received an average of more than 13 million unique visitors per month.

¹⁹ Complete survey results are attached as Appendix A to this brief.

²⁰ Numeris data.

47. Our expansions into smart TV, mobile and tablet apps respond to new consumer preferences for digitally accessible content, including forecasts, videos and user generated content. Canadians currently have access to 10 The Weather Network and MétéoMédia media-rich smart TV apps, including Apple TV, Roku and Android TV. And our Android and iOS smartphone and tablet apps were used on average by nearly 7 million Canadians each month in 2016. Importantly, all our platforms also support the distribution of public safety advisories and emergency messages, which helps extend The Weather Network and MétéoMédia's essential services to more Canadians.

Unique contribution to public alerting – life saving alerts and the NAAD System

48. Atop all of The Weather Network and MétéoMédia's unique contributions to public safety stands the National Alert Aggregation and Dissemination (NAAD) System, which has provided the backbone infrastructure for Canada's national broadcast emergency alert system since June 2010. Now providing a connection to all Canadian radio and TV broadcasters and BDUs, the NAAD System enables federal, provincial and territorial emergency management officials (EMOs) to alert Canadians quickly, safely and securely. Messages can warn viewers in a single community, several adjacent ones, or a whole province of severe weather, floods, forest fires, evacuation notices and other imminent threats to life and property.
49. The NAAD System operation includes two fully-redundant bilingual 24-hour Operations Centres that:
- Receive emergency messages generated by authorized government users, supported by a NAAD System interface that allows officials to create and preview their alert messages;
 - Authenticate the source of the emergency messages to ensure their legitimacy;
 - Validate compliance with an agreed upon message format, structure and technical rules and standards
 - Make the messages available – within seconds of receiving them – to Last-Mile Distributors (LMDs) including TV and radio broadcasters, BDUs and other parties, through redundant Internet and satellite feeds; and
 - Monitor, in real time, the full operation of the complete Alert Aggregation and Distribution System, including software and servers, communications lines, and the successful transmission of each alert.
50. Our role as the NAAD System administrator puts us at the centre of the national public alerting policy discussion, along with those public and private stakeholders that make up the Pelmorex Alerting Governance Council (the Governance Council). Pelmorex has willingly assumed a leadership role as part of its overall commitment to the success of public alerting in Canada, using our unique position to facilitate communication between alert issuers and LMDs and to advance improvements to the national public alerting system.
51. The NAAD System is fully funded by Pelmorex, with no cost to governments or broadcasters and no incremental costs to Canadian TV subscribers. Its existence has enabled the Commission to

regulate public alerting and issue additional policies that will increase its reach and effectiveness. Recently, the Commission mandated wireless service providers to implement wireless public alerting capability, and to connect to the NAAD System, by April 2018. With wireless service providers connected to the NAAD System, federal, provincial and territorial EMOs will have the ability to put potentially life-saving alerts in the hands of Canadians who need them most.

52. The NAAD System has also enhanced our own ability to pass advisories and alerts on to viewers of The Weather Network and MétéoMédia. Pelmorex has always been committed to public alerting. We've leveraged our localization technology to pass localized weather warnings from Environment and Climate Change Canada to our viewers in communities across the country since our inception. We now do the same for alerts distributed by the NAAD System, including those from provincial and territorial EMOs in addition to alerts from Environment and Climate Change Canada.
53. With our continued distribution on the basic TV service The Weather Network and MétéoMédia are committed to remaining a leader in public alerting, both through the NAAD System and on all of our platforms. We are pleased to more specifically outline our alerting achievements in the next section of this report.

4. Successes in the Current Licence Term

54. Pelmorex stands out among Canadian broadcasters by continuing to do more, not less, in the face of an increasingly challenging market. In the licence renewal application we submitted to the Commission seven years ago we predicted that “sweeping technological change will radically alter the competitive landscape and transform broadcasting as we know it in our next licence term.” We have met this challenge head-on by innovating and investing in our programming – including our localization technology and new regional feeds – digital services and the NAAD System to broaden our commitment and contribution to Canadian expression and public safety.
55. It is important to emphasize the fact that we are still in our current licence term. Although less than 14 months remain, we will be executing and enabling significant enhancements to public alerting and our weather localization abilities before our next licence term begins. We remain motivated to reach all Canadians with the weather and safety programming and information that is most relevant to them.

Programming – increasing Canadian expression

56. During our previous licence renewal proceeding, The Weather Network and MétéoMédia committed to expanding our local and regional reflection by launching new regional feeds in British Columbia, Alberta, and a third location, which was ultimately determined to be Atlantic Canada. All of these feeds were operational by the target date of 1 December 2012, and have significantly increased our ability to connect directly with Canadians by offering live, hosted regional weather news in addition to local forecasts.
57. Pelmorex now provides seven programming feeds across Canada, each in both high-definition and standard-definition. Expanding our operations has resulted in the promised 12 new positions (e.g., producers, on-air presenters and journalists), and more than \$6.2 million in new Canadian Programming Expenditures (CPE).
58. Overall, The Weather Network and MétéoMédia have increased our average annual CPE to more than 47% through the first five years of the current licence, well above the 44% to which we committed at our last renewal. As the table below illustrates, we have always over performed when it comes to investing in Canadian programming.

Table 1: The Weather Network and MétéoMédia CPE levels								
Previous Term: Required	Previous Term: Actual	Current Term: Required	Current Licence Term: Actual					
			2012	2013	2014	2015	2016	Avg.
37%	38.3%	44%	45.8%	45.8%	45.9%	57.8%	45.9%	47.0%

59. We have also maintained our commitment to exhibiting 100% Canadian content on our broadcast services. The addition of our regional feeds and bureaus has increased our ability to gather and air news that teaches Canadians about each other by balancing our coverage of all

regions and all Canadians. For example:

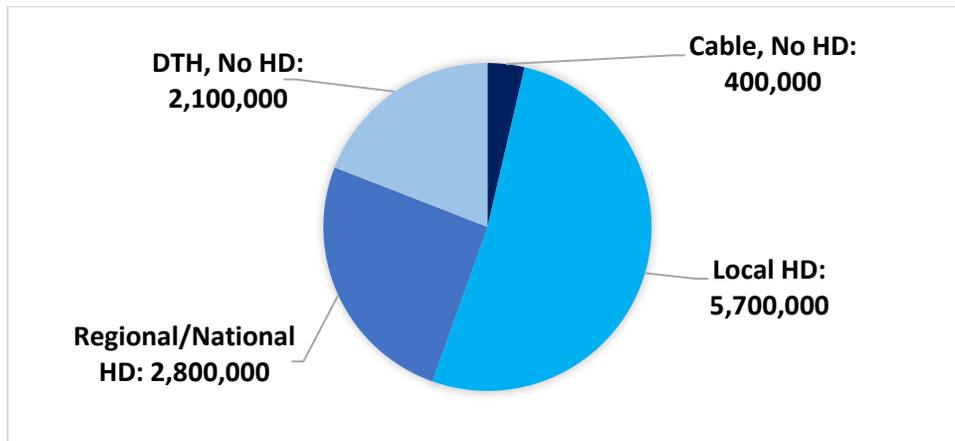
- Atlantic Canadians learned about the Indigenous weather legends from our feature on British Columbia’s Capilano Park totem collection;
- Albertans were informed of the EF2 tornado that hit the Waywayseecappo First Nation community in Manitoba, including how the AlertReady emergency alerting system saved the lives of one family, from our series of stories on that event;
- Quebecers watching MétéoMédia learned about a powerful Nor’easter that brought record snowfall to New Brunswick and PEI; and
- Thousands of Canadians learned about the significance of National Aboriginal Day²¹ from our reporting on events in five markets (Halifax, Milton, Calgary, Vancouver and Winnipeg).

60. Finally, to maintain our position as Canada’s go-to source during active weather, in 2013 we launched our Active Weather Set, which allows The Weather Network and MétéoMédia to provide more in-depth analysis and tracking of severe weather radar. The Active Weather Set has been recently upgraded with Viper Analysis and Lynx Analysis to better track radar patterns, providing more detailed timing of storm strikes to keep viewers more informed and safer.

Enhanced HD viewer experience

61. The Weather Network and MétéoMédia also completed the rollout of HD for both of our networks during this licence term, making all seven of our video feeds available in HD. To complete this upgrade we developed the next generation of our PMX localization boxes, the PMX NG, in 2015. Currently, 46 of these new HD localization boxes are connected to BDUs across Canada to provide a more localized weather experience in HD. Canadians in 88 cities and towns, typically the largest and most populated markets, can currently receive a local forecast in HD. The figure below illustrates subscriber access to our HD feeds.

Figure 5: Access to HD signal by TWN/MM subscribers and access type



²¹ Renamed National Indigenous Peoples Day going forward. <http://pm.gc.ca/eng/news/2017/06/21/statement-prime-minister-canada-national-aboriginal-day>

62. The next step in our HD shift is currently underway. Many Canadian communities are still localized using our legacy PMX localization equipment and therefore still receive their local forecast in standard definition (SD). We plan to begin deploying a replacement solution to these communities before this licence term is completed, and will continue to do so in the next licence term should our Application be approved as filed. We are pleased to outline our future HD localization plans later in this brief.

Adding interactivity to our TV services

63. With more Canadians choosing to access the majority of their content online, we have innovated to bring an Internet-like experience to our TV subscribers. The new generation of set-top boxes for cable and DTH satellite has allowed us to deploy more interactive services with easier access to weather information for existing subscribers. In 2012 we were the first licensed Canadian broadcaster to launch services on the Microsoft Mediaroom platform used by Canadian IP-based BDUs. As mentioned above, we now have interactive options of The Weather Network and MétéoMédia available through eight Canadian BDUs, representing nearly 40% of Canadian BDU subscribers.

Strong consumer response

64. The success of our programming expansion, including our regional feeds, and our enhanced interactive offerings is evident in The Weather Network and MétéoMédia's continued positive awareness and satisfaction rankings. For the fifth year in a row, The Weather Network was this year named one of Canada's leading companies, placing 15th on Ipsos' annual study of Canada's 100 Most Influential Brands, which incorporates public opinion on company reputation across a variety of indicators. We were ranked fourth overall among Canadian companies in the survey. The Weather Network and MétéoMédia app was also featured on Apple's Best of 2016 list, ranking as one of the Top 50 free apps available in the App Store.

NAAD System and the national public alerting system

65. The launch of the NAAD System represented a major achievement of our last licence term, and its expansion and use during our current licence term have exceeded our own high expectations for the system. Enabling the mass distribution of life-saving alerts to Canadians through all TV and radio broadcasters represents the realization of our original vision for the NAAD System. We will continue building on that vision by enabling significant alerting enhancements, including wireless public alerting (WPA), before our current licence expires.
66. Many of our alerting successes during the current licence term stem directly from our last licence renewal and the Commission's 2014 policy requiring the mandatory distribution of emergency alert messages. Shortly after the renewal of The Weather Network and MétéoMédia's broadcasting licence, we:

- Executed NAAD System User Agreements with the remaining federal, provincial and territorial EMOs and Environment and Climate Change Canada;
 - Filed a plan for and undertook a Threat Risk Vulnerability Assessment of the NAAD System;
 - Implemented a broadcast immediately flag and added functionality to the NAAD System to require EMOs to confirm the issuance of a ‘broadcast immediately’ alert; and
 - Filed a detailed two-year budget of \$1 million per year toward educating the public on, and increasing public awareness of, public alerting and the NAAD System.
67. The then-nascent Governance Council also continued to take on a more significant role in directing the development of the NAAD System, and has now met 23 times since its inception. The Governance Council was particularly important as the broadcasting industry approached and met its mandated deadline to participate in emergency alerting (as ordered by the Commission in *Broadcasting Regulatory Policy CRTC 2014-444*). The fulfillment of that policy, which established a truly national public alerting system on March 31, 2016, was a major milestone for the Canadian broadcasting industry, public safety and emergency management organizations, and for Pelmorex. It was also a critical step forward in enhancing the safety of Canadians.
68. Since April 2016, more than 2,250 Canadian LMDs²² have been broadcasting the emergency alert messages they receive via the NAAD System. In the first two years since all broadcasters began participating in the national public alerting system the NAAD System authorized and distributed 373 broadcast immediately messages warning Canadians of an imminent threat to life.
69. During this same period, the NAAD System authorized and distributed a total of 96,362 public alert messages, all of which were passed on to The Weather Network and MétéoMédia viewers, and users of our digital services, in the targeted areas. The vast majority of these were not flagged as “broadcast immediately.” Nonetheless, these messages contain important information – such as boil water advisories and wind or storm warnings – that helps Canadians plan and stay safe. These alerts are made publicly available and are typically passed on by broadcasters at their own discretion. All weather-related alert messages are passed on to The Weather Network and MétéoMédia viewers in the targeted areas and all alerts are also distributed over our digital properties.
70. The Weather Network and MétéoMédia have also developed and executed campaigns to increase the awareness of emergency alerts. In the spring and summer of 2015, Pelmorex launched a public awareness campaign that promoted the national public alerting system nation-wide through television and radio public service announcements. Forty corporate broadcast groups, as well as cable and IPTV providers, aired the PSAs over 443 radio stations, 53 conventional TV stations and 79 specialty services. The PSA was aired nearly 100,000 times in

²² CRTC. TV and Radio Stations that Broadcast Emergency Alert Messages.

total during the 13-week campaign. The campaign included the introduction of the AlertReady brand and the launch of the www.alertready.com and www.enalerte.com information web sites.

71. The second part of the public awareness campaign was launched in May of 2017 on TV, radio and online, and is scheduled to continue throughout calendar 2017. Phase two of the awareness campaign includes an update and relaunch of the AlertReady web sites (English and French) as well as four new video ads spots (three English and one French) and two radio spots (English and French). The campaign, which includes paid media and PSA components, is designed to deliver more than 90 million impressions during its in-market period.

Enhancing the NAAD System and emergency alerts

72. During the current licence term, The Weather Network and MétéoMédia have also continually upgraded and enhanced NAAD System features based on recommendations from the Governance Council and our own commitment to the success of public alerting. In April 2016 we launched Version 8.0 of the NAAD System, which included important new features such as: a special new 'Broadcast Text' field that allows issuers to enter exactly the text of a broadcast immediately alert they want made public by LMDs; a 'Wireless Public Alerting Text' field to support future wireless alerting, (and which was necessary for the WPA pilot project); and a text to speech (TTS) feature that allows issuers to generate and preview audio versions of their alerts. We expect to begin work on our tenth software release shortly, with improvements scheduled for later in 2018.
73. Launching the centralized TTS feature is a particularly important success of the current licence term as providing consistent audio content with many broadcast immediately messages was presenting a challenge for broadcasters. Specifically, the quality of TTS audio (as opposed to where alert originators attached a voice file²³) varied by LMD, and in some instances, was poor or nearly inaudible. Audio quality issues seriously compromised the value of emergency alerts, particularly those broadcast over radio, potentially putting lives at risk.
74. Recognizing that Canadians were not reliably served by the use of off-the-shelf TTS systems used locally by TV, radio cable and satellite distributors, Pelmorex undertook in January 2016 to develop our own centralized TTS system which provides consistent, reliable audio to all Canadians who receive emergency alerts. While developing a TTS system was not a requirement within our mandate as the NAAD System operator, we recognized the necessity of enhancing the quality of emergency alerts for the benefit of all Canadians.
75. Made available to EMOs on April 27, 2016, our TTS system, which supports both French and English text, uses an automated process to generate an audio description of an issued alert message that the issuing authority can preview and approve prior to its issuance. Pelmorex also asks each federal, provincial or territorial authority to provide location-specific lexicons so the system can be updated to accurately pronounce place names in each jurisdiction.

²³ The NAAD System has always supported authorities' option to append their own audio files to messages, but few authorities have made use of this feature.

76. Additional enhancements to the NAAD System to meet the requirements of our alerting partners that were or will be completed in the current licence term are listed in the table below.

Table 2: Other NAAD System Improvements from Current Licence Term	
Initiative	Completion Date (Target)
NAAD System Training Environment: allows alerting authorities with their local LMDs to train, test and evaluate their alerting implementation without alerts reaching the public. Well-trained and confident EMO staff will be more likely to use the NAAD System, and use it properly and effectively, when seconds count.	December 2016
Centralized Message Storage: will allow individual provinces/territories to create and store alert message templates to be accessed and used by others in the province/territory. This will yield greater alert content consistency and alert issuance effectiveness.	Before end of current licence term
Pre-scripted Messages: enables pre-scripted semi-automated alert messages within the NAAD System user interface.	Before end of current licence term

Wireless Public Alerting

77. Enabling the launch of wireless public alerting will cap off an extremely productive licence period for The Weather Network and MétéoMédia. We have been strongly committed to WPA as a significant enhancement to the national public alerting system and were one of six key partners²⁴ in the Department of Innovation, Science and Economic Development’s three-year WPA project, which concluded earlier this year.
78. To support the WPA pilot initiative we implemented a number of enhancements to the NAAD System. The NAAD System user interface has been improved to allow authorized users to geo-target the location of an emergency event directly on a map by drawing a polygon around the area in question. This allows wireless service providers receiving an alert to target only the mobile devices within range of the cell towers in the affected area.
79. Pelmorex also created a special NAAD System “WPA Gateway” to interface with wireless service providers, separate and unique from the alerting data feeds provided to other LMDs. The NAAD WPA Gateway securely connects to a wireless service provider’s cell broadcast system to deliver a message specifically intended for wireless distribution. The WPA pilot successfully demonstrated that the NAAD WPA Gateway will permit an emergency management authority to send an emergency message within seconds to all cell phones in a targeted area defined by the issuer, without knowing any of the phone numbers of the phones in that area.

²⁴ Other partners included Mobility & Wireless Solutions, Bell Mobility, the Ontario Office of the Fire Marshal and Emergency Management, Ontario Power Generation, and Public Safety Canada.

80. In many ways, the Commission’s WPA policy is the greatest testament to the success of our NAAD System and our commitment to emergency alerting in Canada. Pelmorex submitted to the Commission’s consultation on WPA that we were confident our “NAAD System can successfully support wireless public alerting on a national scale.” As a result, the question of whether the NAAD System would enable WPA was not a matter for debate by the Commission or those participating in the consultation. Rather, the Commission directed wireless service providers to implement wireless public alerting by connecting to the NAAD System without hesitation.
81. Following the release of the Commission’s WPA policy we were also pleased to receive a letter of acknowledgement and support from the Department of Innovation, Science and Economic Development. That letter noted that our “in-kind contribution in developing the NAAD-WPAS gateway and C-interface helped the project reach a successful end. The project met all expectations and delivered an effective solution that will carry urgent life-saving information to Canadians.”²⁵
82. Pelmorex developed the NAAD System to be the trusted core of Canada’s national public alerting system. Enabling WPA will further realize that objective. We are currently working towards connecting wireless service providers to the NAAD System as well as identifying final technical amendments that need to occur before WPA is live. We have also added two wireless service provider representatives to the Governance Council and are participating in all relevant CRTC Interconnection Steering Committee working groups to ensure this life-saving service is available to Canadians by April 2018.

²⁵ The full letter is attached with Appendix C to this brief.

5. Our Commitments for the Next Licence Term

83. The extensive technological shift that has occurred during the past six years will only be that much more pronounced in our next licence term. The increased popularity of digital services demonstrates how desirable an interactive and personalized experience is for Canadians. The Weather Network and MétéoMédia will therefore follow a highly productive licence period by continuing towards our vision of delivering our essential content to Canadians in the most localized, personalized and relevant manner.
84. **Maintaining our mandatory digital basic carriage status under Section 9(1)(h) of the *Broadcasting Act* will allow us to develop even more relevant and groundbreaking weather and environmental programming, including Canada's North; continue expanding and enhancing the localized and personalized TV experience for viewers; and support the increased use and scope of the NAAD System for our Emergency Management Organization partners and Canadians, while maintaining the same wholesale fee of \$0.23 per month.**

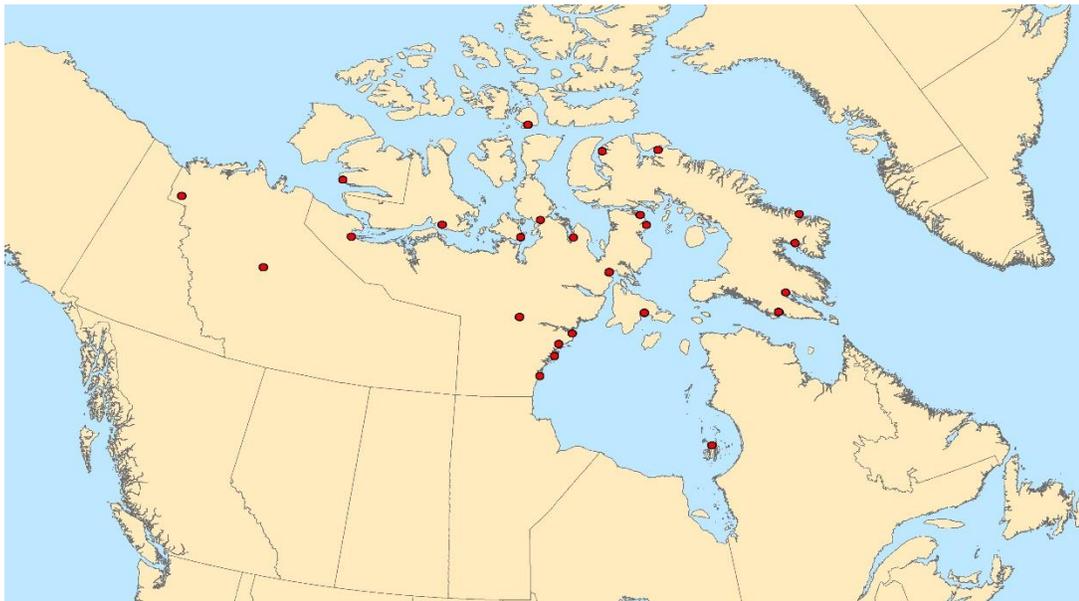
New Northern programming commitment

85. Canada's Indigenous and Northern communities have a special place in Canadian society, and have always had a special relationship with our weather and climate. The unfortunate reality is that climate change will have an increasingly pronounced impact on the lives of all Canadians going forward, and this will be no more apparent than in Canada's North.
86. In the next licence term we will introduce new programming from and about Canada's North. The content will air regularly on both The Weather Network and MétéoMédia and focus on reflecting their way of life back to our Northern viewers, as well as educating the rest of Canada on the weather and its impacts in the North.
87. Our reporting will particularly investigate the impacts of global warming and changing weather patterns on Northern communities where historic high temperatures are altering the landscape and changing the way of life. This includes speaking with residents of Northern communities to share how their personal lives have changed with the climate. We will speak with municipal and government leaders about how they are preparing to address the impact of extreme weather events on city infrastructure. We will showcase communities, organizations and companies that are working to slow the progress and mitigate the impact of climate change. And we'll continue to draw on content submitted directly from our Northern viewers who live and work in this extreme and changing climate every day. All the programming will also be made available on our digital platforms.
88. To add this programming to our line-up The Weather Network and MétéoMédia will hire a new fully-equipped video journalist from a Northern community to provide regular reporting and content from the North. We will also add a new producer dedicated to producing the Northern-focused and climate change content for all our platforms. We anticipate this new programming initiative will result in more than 26 hours of new original, first-run programming per year

focusing on Canada's North – more than the equivalent of a 26-episode season for a one-hour drama program. This commitment will only be possible if our licence Application is approved as filed.

89. This new content initiative continues our ongoing commitment to serving all Canadians, including those living in the North. During our current licence term we were pleased to connect 23 Arctic Co-operatives cable systems across Northern Canada to our local forecast network. To deliver local, up-to-the minute weather forecasts to these communities we had to undertake a number of initiatives that are unique to delivering The Weather Network and MétéoMédia at the local level. This included: creating a separate weather profile for each of the 23 communities; modifying our Northern Canada maps for on-air broadcasting to ensure these new areas were covered; and delivering and installing satellite receivers and PMX localization equipment at each of the 23 cable headends.
90. The map below indicates the 23 communities where Pelmorex equipment was installed to deliver local weather. It illustrates how isolated and geographically dispersed these cable systems are. We chose to serve these cable systems because we believe our services are essential for their residents, and that doing so is consistent with our mandate as a service included in the basic package. Our services will become more essential to Northern viewers as we deliver more programming that reflects their climate and way of life. We will continue to seek opportunities to deliver customized local weather to more Northern communities in the next licence term.

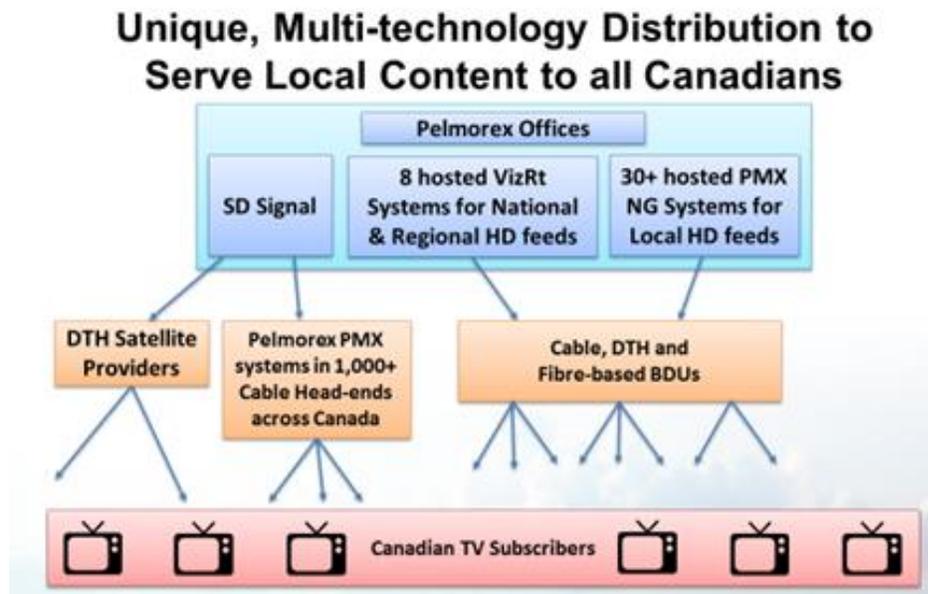
Figure 6: Northern communities connected to TWN/MM local forecast network during current licence term



Commitment to enhancing localization

91. Localization is an essential part of who we are and is the backbone of the unique The Weather Network and MétéoMédia services. More than 25 years ago we installed our own equipment, at our own cost, at more than 1,000 BDU headends so all of our subscribers would receive a local weather service. Our localization systems allow for weather and weather-related information, such as maps, graphics and forecast content to be customized to the local community, making it more relevant to subscribers. They also allow us to localize our broadcast of public safety messages, including threat to life alerts to communities at risk. And our predictable schedule of local forecasts every 10 minutes of the hour ensures Canadians can access important, in-depth local weather information at their convenience.
92. The Weather Network and MétéoMédia are unique among all Canadian programming services in our requirement and ability to customize our signal to individual BDUs. We have also been forced to adjust to the constantly changing dynamics of Canada's broadcasting industry. New BDU interconnections, industry consolidation and the merging of individual cable systems has reduced the number of headends and has somewhat eroded our ability to localize over the years. Upgrades to new distribution technology and platforms, such as IPTV, have also required us to constantly innovate to develop new compatible localization solutions.
93. For instance, satellite TV expanded our ability to reach many more remote households, but the nature of DTH meant that a single feed served the entire country, limiting our ability to localize content for DTH subscribers. This was partially offset with an innovative iTV application developed by Pelmorex, in collaboration with Bell ExpressVu in June 2005, which allowed us to provide local interactive weather content to subscribers using selected set-top-box models.
94. The result of our constant upgrading to ensure the delivery of local weather and safety information to our subscribers is that we now distribute our signals over a range of technology solutions. In fact, we use a mix of six different technologies and systems to deliver our signals in SD and HD formats. This is further complicated by individual BDUs' distribution needs as illustrated in the figure below and in Appendix B.
95. The complexity of providing local forecasts to more than 1,000 different Canadian communities is not limited to solving distribution challenges. The Weather Network and MétéoMédia must also develop a profile for each serviced community so we can provide the customized detailed weather and safety information that matters to our viewers. Each of these profiles account for municipal boundaries, the correct Environment and Climate Change Canada warning zones, local roads and highways, provincial air quality zones, and the locations of major attractions such as parks, ski resorts and golf courses. More information on The Weather Network and MétéoMédia provide the same level of service to more than 1,000 communities is available at the following links: <https://www.theweathernetwork.com/ca/videos/gallery/thousands-of-channels-all-wrapped-into-one/sharevideo/5494248747001> and <https://www.meteomedia.com/ca/videos/galerie/des-milliers-de-chanes-runies-ene/sharevideo/5494248776001>.

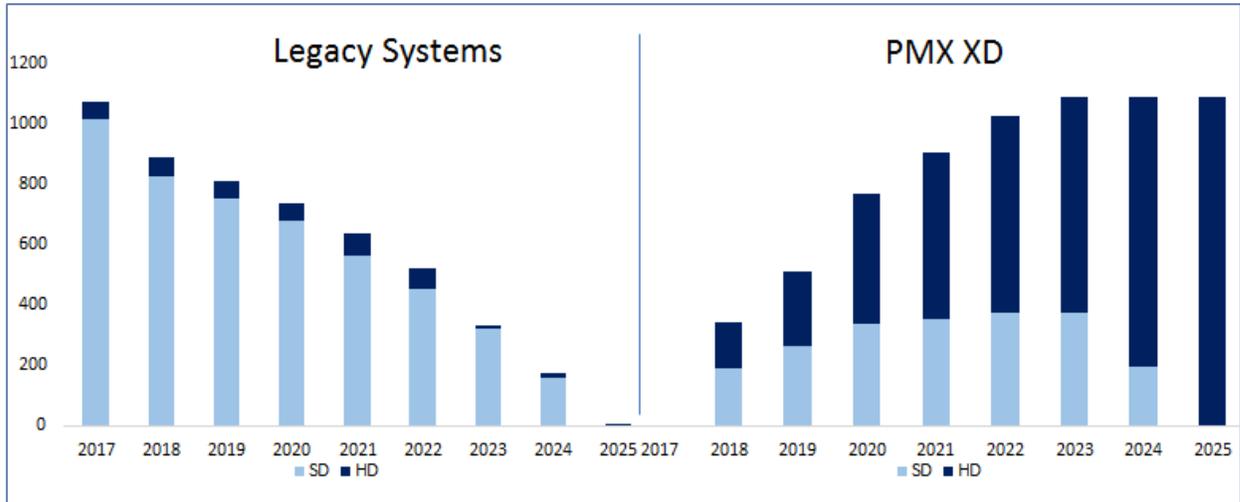
Figure 7: Distribution of TWN/MM local forecast content in SD and HD



96. The latest IPTV distribution systems, used by fibre-based BDUs, has also presented new localization opportunities. IPTV opens the door to being able to localize to the postal code or household level, enabling subscribers to customize our content over and above the degree of localization that we can push to them today. To leverage the new technology, The Weather Network and MétéoMédia have had to develop IPTV localization solutions delivered through the set-top-box, which eliminates the need for connecting additional equipment to the BDUs' networks. We expect IPTV distribution to be increasingly adopted by traditional cable companies in the future, which will further enhance our localization abilities.
97. But as the figure above illustrates, our PMX systems are connected to more than 1,000 BDUs across Canada, many of which will not be adopting IPTV distribution. Our legacy localization systems are more than a quarter of a century old and do not support HD signals. Therefore, while we upgraded video production and content of The Weather Network and MétéoMédia to HD during the current licence term, our distribution and localization systems have not all been upgraded. As a result, many of our subscribers, particularly those not in major centres, cannot receive local forecast information in HD. We estimate that approximately 400,000 subscribers in small and remote communities cannot access an HD signal from The Weather Network and MétéoMédia. We plan to correct this over the next licence term.
98. We are currently developing a new HD/SD PMX solution to replace our original PMX equipment across Canada and plan to begin deployment and testing of this new prototype (PMX-XD) to select BDU headends before the end of this licence term. If successful, this rollout will continue throughout the next licence term until all our subscribers can receive the same level of localization they have always had, but with an HD signal as well. The figure below provides an estimate of our planned PMX-XD rollout, which will conclude in 2025. We anticipate this full

deployment will require a \$750,000 investment by the end of 2025, and will extend our ability to deliver localized HD programming to every subscriber we serve.

Figure 8: TWN/MM Transition to HD localization



99. As can be seen in the figure above, replacing the equipment on which we originally built out our services will represent a major transition for The Weather Network and MétéoMédia, and will bring significant benefits to our viewers, particularly those in small and remote communities. This initiative also complements our proposed programming initiative to better serve Canada’s North. On-screen local forecasts will deliver the same benefits to small and remote communities, including Indigenous communities, as those that are received in the major metropolitan areas like Toronto, Vancouver, Calgary and Montréal. The Weather Network and MétéoMédia are the only specialty services to provide the same level of attention and detail to all communities, regardless of size. We look forward to continuing that commitment by delivering our services in HD to all our viewers if our licence Application is approved as filed.
100. Throughout the coming licence term we will also continue to pursue the opportunities to imbed a localized experience into The Weather Network and MétéoMédia channels through next-generation set-top boxes or whatever new distribution technologies may arise. We are already looking at the possibility of delivering The Weather Network and MétéoMédia and our localized content to BDUs through cloud-based distribution systems. Indeed, given the pace of technological change it is impossible to predict what additional opportunities to enhance our services for Canadians may come available during the next licence term. As we always have, we will continue to capitalize on all opportunities to provide a more interactive and localized service to our subscribers.

Working to provide localized audio description

101. As the Commission is aware, The Weather Network and MétéoMédia’s proprietary technologies allow us to present customized local weather live-to-air to literally a thousand locations simultaneously, effectively making us a “channel of a thousand channels.” However, it is not yet

technically feasible to provide a simultaneous audio description of what is being displayed on screen – typically tables, maps and charts with icons – to assist the visually impaired.

102. To offset this, The Weather Network and MétéoMédia have, as part of its conditions of licence operated five Secondary Audio programming (SAP) channels providing audio weather reports as well as relevant audio alerts made available through the NAAD System by authorized EMOs. We have recently added a sixth SAP channel to ensure better coverage to serve MétéoMédia subscribers. The Weather Network and MétéoMédia propose to continue this practice throughout our next licence term.
103. However, The Weather Network and MétéoMédia know that providing a more local experience is important for *all* of our subscribers. Therefore, we have been developing an automated solution to providing local information in an audio format during our local forecasts, which are broadcast six times per hour. This approach is now being tested in several markets on our HD feed. The process involves an algorithm created and built by Pelmorex that creates a text summary of the local weather information being displayed in each forecast area. That text script is then translated through an automated text-to-voice software program to provide an audio forecast for the appropriate area. This automated local audio forecast is then made available on the SAP channels to accompany the local forecasts that air every 10 minutes of the hour.
104. The automated voice provides current conditions, short and long-term weather information, historical information and important weather warning information as well. It is updated every ten minutes to ensure that our viewers who are relying on audio description receive the same up-to-date weather information. Our hope is to continue testing this innovative approach to ensure the accuracy of the weather information being presented in audio format and to better understand all the operating and capital costs associated with expanding the program. If successful, this new feature would be incorporated into the new PMX-XD units described above.

Commitment to continue expanding and funding the NAAD System

105. Pelmorex will continue working throughout its next licence term to increase the scope and use of the NAAD System for our EMO partners. The effectiveness of the NAAD System and the national public alerting system overall is our highest priority. We will always look to enhance the NAAD System in ways that benefit EMOs and LMDs, and ultimately increase the safety of Canadians. We will also continue to make our unique contribution as a national public alerting system leader along with the other stakeholders on the Governance Council.
106. All the currently-scheduled upgrades and enhancements to the NAAD System, including enabling the launch of WPA, should be concluded before the end of the current licence term. WPA establishes a new level of capabilities and should usher us into the next generation of alerting. The addition of mobile devices to the alerting ecosystem also raises new policy and governance issues to be addressed, and adds new voices to the Governance Council discussions.

107. New requests and opportunities will most certainly be presented before the current upgrades are completed. In addition to enhancing functionality for alert issuers, we may also pursue alerting enhancements resulting from new broadcast and mobile technology and additional distribution platforms such as lottery terminal screens, electronic highway signs and closed circuit television. As such, we plan to invest an additional \$3 million in capital improvements to the NAAD System, over and above our ongoing operating costs, over the next seven years.
108. The Weather Network and MétéoMédia are prepared and committed to use our position as the owner and operator of the NAAD System to facilitate communication between alert issuers and LMDs and to move forward with improvements to the national public alerting system. With the stability associated with mandatory carriage on the basic service, we will be able to continue doing so at no charge to governments, to the broadcasting industry or to the Canadian public.

Commitment to maintaining our wholesale rate of \$0.23

109. The Weather Network and MétéoMédia's commitments come at a cost. This begins with the cost of operating two national specialty channels – The Weather Network and MétéoMédia – and five regional feeds, in two languages, under one licence. With broadcasting centres in Oakville and Montreal, we assume the full ongoing and rising costs associated with operating two programming services. We leverage this unique distribution such that we are unmatched in providing exclusively Canadian content across more than two full annual programming schedules.
110. Our commitment to providing customized, local forecasts adds another layer of cost, particularly as subscription TV distribution options and networks continue to evolve. To date, Pelmorex has developed and deployed three generations of its PMX localization technology to deliver local forecasts to Canadians. Additional hardware and/or software has had to be purchased or developed to ensure compatibility with cable, satellite or fibre distribution to analog and digital headends for SD and HD broadcast.
111. We also developed, deployed and operate the NAAD System. This includes undertaking all upgrades and enhancements to the System to accommodate additional uses and to add more effective features at no cost to governments or the broadcasting industry, and no incremental cost to Canadian TV subscribers. As we have outlined in this section, in the coming licence term we have committed to increasing our Canadian programming, enhancing our localized content delivery, and further improving the NAAD System.
112. The Weather Network and MétéoMédia commit to undertaking all of these upgrades and enhancements for Canadians with no increase to our wholesale rate. This is a significant commitment as our rate, which has remained the same since 1993, has lost nearly 35% of its relative value when adjusted for inflation. As is demonstrated in the figure below, the relative value of our wholesale rate is likely to decline by an additional 8% over our proposed licence term. This decline has historically been offset by increases in subscribers and subscriber

revenue. This will not be the case going forward. Nonetheless, Pelmorex is proposing to continue serving Canadians in innovative ways at the current wholesale rate of \$0.23.

Figure 9: Relative Value of TWN/MM Wholesale Rate Over Time²⁶



113. The Weather Network and MétéoMédia have consistently sought ways to increase the value of its services to Canadians and its overall contributions to the *Broadcasting Act*. We have never sought to reduce the requirements under our conditions of licence. Although the pressure on traditional broadcasters due to technological change is greater than ever, we are pleased to once again commit to increasing our unique and essential contributions to Canadian expression and public safety at no additional cost to TV subscribers.

²⁶ Based on the average growth rate of the Consumer Price Index since 1993.

6. An Essential Service Requiring Digital Basic

114. From its very inception, The Weather Network and MétéoMédia have performed a valuable public service in terms of improving public safety and adding to the diversity of the programming on the Canadian broadcasting system. When the Commission first licensed the services in 1987 (when carriage was a certainty), it noted the following:

“In reaching its decision, the Commission has noted the unique characteristics of this proposal, including its ability to provide a national weather service in both official languages. In addition, it has noted its use of innovative technology to gather and disseminate weather information tailored to the needs of individual markets across Canada, the use of videos, graphics and text, and the fact that the programming is 100% Canadian. The Commission considers that this network will perform a valuable public service in terms of improving public safety through the provision of up-to-the-minute essential weather information from local, regional and national perspectives, at any time of the day or night, while adding to the diversity of programming available on the Canadian broadcasting system.” – Broadcasting Decision CRTC 87-899

115. More recently, Pelmorex was granted a Mandatory Distribution Order for carriage of The Weather Network and MétéoMédia on the digital basic service for the duration of our licence term when our current licence was renewed in 2011. In Broadcasting Decision CRTC 2011-438 the Commission recognized that our services make an exceptional contribution to Canadian expression and to public safety, and that there is an extraordinary need among Canadians for our services. Digital basic carriage was granted provided we undertake the requirements and commitments outlined earlier in this brief. These requirements and conditions have been fulfilled.
116. With this Application, Pelmorex is requesting that the our new licence term be set to end in 2025, and that the Mandatory Distribution Order for our services be extended for the same duration. We are also requesting that our genre protection as the exclusive broadcaster of weather and environmental news be maintained. We are also requesting the Commission require carriage of both of our services, in High Definition and Standard Definition, on the basic package of all BDUs.
117. In *Broadcasting CRTC Decision 2011-438* the Commission also indicated that it does not intend to renew the mandatory distribution of our services beyond August 2018 “solely for the purpose of maintaining the operation of the NAAD System.”²⁷ Pelmorex is not making such a request. The Commission had previously determined that The Weather Network and MétéoMédia’s programming alone makes an exceptional contribution to Canadian expression and reflection, as well as public safety. We believe our programming services stand alone in their extraordinary contributions to the digital basic service objectives and the objectives of the *Broadcasting Act*. These many unique contributions have been highlighted throughout this brief and are the focus of the remainder of this section.

²⁷ Paragraph 58. Emphasis added.

118. That said, we also believe our singular contribution to public safety by operating and funding the NAAD System is making a far greater contribution to the objectives of the *Act* than we or the Commission could have anticipated in 2011. In particular, operating the NAAD System as a condition of our licence with mandatory distribution on the basic service has allowed the Commission to further regulate and expand public alerting and impose new conditions on Pelmorex and the broadcasting industry. We believe Canadians are best served if the contribution enabled by the current regulations should remain in place going forward.
119. We are pleased to address all these issues below as we respond directly to the *Criteria for assessing applications for mandatory distribution on the digital basic service* determined by the Commission in *Broadcasting Regulatory Policy CRTC 2010-629*.

a) Exceptional contribution to Canadian expression

Provide evidence that the programming of its service makes an exceptional contribution to Canadian expression and reflects Canadian attitudes, opinions, ideas, values and artistic creativity. Specifically, the applicant must demonstrate that the contribution it intends to make to Canadian expression and reflection significantly exceeds that normally made by a Category A service, thus justifying its exceptional status under a 9(1)(h) order.

120. As the Commission noted in *Broadcasting Decision CRTC 2011-438*, “Given the licensee’s commitments to continue providing 100% Canadian content, to increase its CPE requirement, and to launch three new regional feeds, the Commission considers that the service would continue to make an exceptional contribution to Canadian programming and to Canadian expression and reflection.” This has not changed and will continue throughout the next licence term.
121. Pelmorex is the only licensee among those with mandatory digital basic distribution orders, and the only national news service, that is committed to exhibiting 100% Canadian content – which we do across seven separate feeds.²⁸ We also program approximately 125 hours of original, first run content per week, which, when setting aside advertising time, is more than the equivalent of a full broadcasting schedule. These contributions are unmatched by any other discretionary service.
122. The Weather Network and MétéoMédia also significantly exceed the contributions to Canadian reflection and expression made by other Category A services. Our Canadian programming expenditure requirement of 44% between 2011 and 2015 was 24% greater than the average CPE of all Category A specialty services. But our contributions are best exemplified through our programming. The regionality of The Weather Network and MétéoMédia have increased our ability to connect with Canadians and reflect their ideas, opinions and values back to them. Canada’s unique and variable weather has always been part of the fabric of Canadian society,

²⁸ Other national news services are only required to dedicate 90% of their programming schedules to Canadian content. *Broadcasting Regulatory Policy CRTC 2015-436. Revised standard conditions of licence for Canadian discretionary services operating as national news services.*

particularly as it impacts our lives and our economy. Indeed, Global Affairs Canada’s Centre for Intercultural Learning lists “the weather” as a top topic of conversation for those new to Canada.²⁹

123. The live and local nature of our services, and our willingness to share and embrace user-generated content, has made The Weather Network and MétéoMédia gathering places for Canadians to share their interest and passion for our climate and community safety. The continued enhancement of our digital services, including our mobile apps, has only increased the opportunity to interact with Canadians about the weather.
124. The Weather Network and MétéoMédia receive frequent updates over social media from our weather observers and our viewers during an active weather situation. These contributions provide valuable information and confirmation of imminent or active storm conditions. The Weather Network and MétéoMédia also receive approximately 15,000 photos and videos per month, allowing us to provide updates and safety information to the most remote communities, and allowing Canadians to share their experiences with each other.
125. We have cultivated a pool of weather observers from such remote communities as: Birch Bay, Newfoundland; Kindersley, Saskatchewan; Cobalt, Ontario; Churchill, Manitoba; Iqaluit, Nunavut; and many others. The local images received from our observers are frequently inserted into our coverage to increase our ability to reflect all areas of Canada. Our regular *Share Your Weather* programming segment also showcases viewers’ images from across Canada.
126. Indeed, our viewers and observers have become an integral part of augmenting our own weather reporting to provide Canadians with a level of detail that would otherwise be impossible to gather and broadcast. For instance, the Weather Network sent two storm chasers to St. John’s for seven days to capture news and footage of a blizzard that was battering Newfoundland with snow, freezing rain and damaging winds. Although flights and travel were very restricted during the storm, we were able to augment our own reporting with viewer footage to complete the storytelling and help keep Canadians informed and safe. This included footage of: blizzard conditions in Gander; dangerous ice floes in Bonavista; whiteout conditions in Grand Falls; dangerous surf in Birchy Bay; and unsafe road conditions in St. John’s. During that same time, severe winter weather was affecting Ontario, Quebec and the Maritimes, where again viewer video was aired from dozens of small towns and communities.
127. We have also always focused on reflecting all Canadians in our weather news coverage, and teaching Canadians about themselves and each other. We strive to ensure a balance in our programming to portray all Canadians, including Indigenous persons, members of visible minorities and persons with disabilities. The addition of our regional feeds and bureaus has increased our ability to gather and air news from all parts of Canada. For example, through our programming:

²⁹ Global Affairs Canada. Country Facts: Cultural Information – Conversations.

- Ontarians learned of Hurricane Matthew’s devastating impacts on the Eskasoni First Nation community in Cape Breton;
- Quebecers learned that the Emergency Management Office of Nova Scotia was printing pamphlets in Arabic to keep Syrian refugees informed;
- British Columbians learned about how the visually impaired navigate the streets of Montreal in a variety of weather conditions; and
- All Canadians learned about how our Paralympians were preparing for the weather, and the dangers ahead at the Rio Paralympic games.

b) Exceptional contribution to digital basic objectives and the objectives of the Broadcasting Act

Provide evidence as to how the programming of its service contributes, in an exceptional manner, to the overall objectives for the digital basic service, as summarized above, and how it specifically contributes to one or more objectives of the Act, such as Canadian identity and cultural sovereignty; ethno-cultural diversity, including the special place of Aboriginal peoples in Canadian society; service to and the reflection and portrayal of persons with disabilities; or linguistic duality, including improved service to official language minority communities.

128. *Broadcasting Regulatory Policy CRTC 2010-629* identifies the following five objectives for the composition of the digital basic service:
- 1) Serves to safeguard, enrich and strengthen the cultural, political, social and economic fabric of Canada;
 - 2) Is varied and comprehensive, providing a balance of information and entertainment programming at an affordable cost;
 - 3) Is drawn from local, regional, national and international sources;
 - 4) Includes educational and community programs; and
 - 5) Reflects and contributes to Canada’s linguistic duality and ethno-cultural diversity, including the special place of Indigenous peoples in Canadian society.
129. The Weather Network and MétéoMédia make an exceptional contribution to the overall objectives of the digital basic service by helping it meet each of the five criteria above. Our services also contribute to other objectives of the *Act*, such as Canadian identity and cultural sovereignty. We are pleased to outline these exceptional contributions below.

Digital Basic Objective 1): Serves to safeguard, enrich and strengthen the cultural, political and economic fabric of Canada

130. Our most important and most impactful contribution is to public safety, which we do through our programming and by enabling public alerting through the NAAD System.

Exceptional contribution to public safety through programming

“The Commission considers that Pelmorex’s services, which will be available 24 hours a day and seven days a week, will make a unique contribution to public safety, thereby safeguarding

Canada's social and economic fabric and fulfilling section 3(1)(d)(i) of the Act.” - Broadcasting Order CRTC 2009-340.

Local forecasts and active weather news

131. The Weather Network and MétéoMédia are Canada’s trusted sources for all weather information, be it local daily and long-term forecasts, or active and extreme weather updates. Pelmorex’s staff of 40 meteorologists with the support of 60 technologists analyzes and adjusts the results 24 hours a day, seven days a week, to produce our unparalleled line-up of weather forecasts and information. We provide the most accurate forecasts by combining strong valued-added input from meteorologists with the most frequent updates and the most specific local information from communities across the country. We continuously update forecast information to ensure the latest local observations and forecast information are always presented on television.
132. Our programming, however, prioritizes active weather situations. We can adjust the programming schedule in minutes to cover active and extreme weather events as they unfold, from in the studio and in the field. Pelmorex was among the first broadcasters to use Dejero mobile news gathering technology, and pioneered live, on-location coverage of active and extreme weather events, even when active weather is on the move. Our regional feeds allow us to personalize our active weather coverage more than ever before.
133. Investments in the latest weather presentation technology, Baron Lynx,³⁰ have enhanced our ability to track active weather. Leveraging this new tool, we have integrated user-generated content from our platforms, including social media, to help deliver the news in real-time during active weather situations. We introduced *StormWatch/Urgence météo* to our programming more than a decade ago and viewers across Canada associate the *StormWatch/Urgence météo* brands with increased active weather coverage.
134. When *StormWatch/Urgence météo* is triggered we focus on keeping viewers safe by constantly updating them with information about where active weather is located, road conditions in the affected areas and what major closures (e.g. schools and businesses) they should know about. To keep viewers up to date we combine our own in-depth meteorological expertise with on-location reporting and user-generated content from Canadians affected by the weather.
135. The ability to access reliable weather information has always been important to Canadians, but will only become more so as the frequency of severe weather events increases. As we highlighted earlier, 95% of Canadians feel it is important to have access to readily available weather information during active weather situations. Indeed, as is clear from the table below, many Canadians turn to The Weather Network and MétéoMédia during active weather events.

³⁰ www.baronweather.com/baronlynx/

Date(s)	Situation	Reach Increase³²
March 14-15, 2017	Blizzard in Montreal and surrounding area	74.0%
December 7-9, 2016	Downtown Vancouver shutdown due to snowfall	97.3%
October 4-6, 2016	First snowfall of the season for Saskatchewan	28.2%
February 23-March 1, 2016	Southern Ontario's largest snowfall of the season	25.7%
September 9-11, 2015	Major rain event in the Greater Toronto Area	43.3%
August 2, 2015	Multiple tornados reported in Southern Ontario	85.0%
February 15-17, 2015	Storm drops more than 40 cm of snow on Prince Edward Island	74.8%
June 17-18, 2014	Severe thunder storms in Barrie, ON area	102.9%

136. Because many Canadians rely on The Weather Network and MétéoMédia during active and severe weather situations, it is essential to both our viewers and our business model that we are easily accessible at any time throughout the year as their needs and the weather are constantly changing. Much of The Weather Network and MétéoMédia's value comes from being accessible when Canadians need critical information, even if that is only a few times per year. That value includes our staff of meteorologists who are available to track and report on severe weather at any time.
137. The Weather Network and MétéoMédia also actively promote emergency preparedness, working closely with EMOs and non-profit organizations to produce segments featuring disaster preparedness tips to help Canadians plan to stay safe and mitigate property damage, which can make an increasingly significant contribution to safeguarding the economy. It is estimated that claims from the provinces to the Disaster Financial Assistance Arrangements (DFAA) program over the next five years will average \$902 million per year, up from the more recent standard of \$100 million per year.³³ Targeted weather news as well as emergency alerts (discussed below) help Canadians prepare for disaster situations and reduce impacts where possible.

Road safety information

138. The Weather Network and MétéoMédia are Canada's leading providers of detailed, local and up-to-date roadmaps – broadcasting more than 300 regional roadmaps compiled from more than 3,000 road segments – that help Canadians make important decisions about travel plans based on weather conditions. This service is of critical importance to Canadian citizens and businesses every winter when access to reliable road safety information is most pressing. This is particularly true for those who live and work outside of major urban centres where local news is not available. In the absence of The Weather Network and MétéoMédia it is not clear who, if anyone, would provide reliable winter road condition information to rural Canadians.

³¹ Numeris data.

³² Increase in daily reach during the event relative to the average of the 14 days preceding the event.

³³ Office of the Parliamentary Budget Officer. *Estimate of the Average Annual Cost for Disaster Financial Assistance Arrangements due to Weather Events*. February 25, 2016.

139. To provide this invaluable service we aggregate information on local highway conditions from provincial transport ministries and combine it with our own leading weather forecasts to produce our road conditions forecast, the Driving Hazard Index. Our local road safety reports are broadcast six times per hour in winter months. Because of our unmatched reach into local communities across the country, The Weather Network and MétéoMédia are the only broadcast source of local road information for the vast majority of communities. Even cities, local broadcasters (in places that have them), are unable to match the frequency, timeliness and accuracy of our road information that improves the safety of millions of travelers.

Environmental information

140. The Weather Network and MétéoMédia are the go-to sources for Canadians to access important environmental information, including local UV indexes, air quality indexes and pollen counts. Our commitment to accurate, local environmental information responds to increasing risks and concerns about skin cancer, asthma, and airborne allergens and pollutants resulting from environmental conditions. Since the prevalence of many respiratory and cardio-vascular diseases can be tied to an aging population, the number of people affected by air pollution is expected to increase.
141. Again, because Canadian television subscribers have access to local weather information from The Weather Network and MétéoMédia, they can access their local UV index six times per hour so they can safely prepare to enjoy the outdoors. As well, our custom air quality data reports are sourced from a network of 150 collection sites across Canada, and our pollen count and air quality index have gained recognition from national and provincial health agencies.

Exceptional contribution through alerting

“The Commission is of the view that the NAAD System, by providing Canadians with emergency alert messages and timely warnings of imminent perils, has contributed in an exceptional manner to public safety.” - Broadcasting Decision CRTC 2011-438.

The NAAD System

142. Pelmorex’s NAAD System is at the core of Canada’s national public alerting system and is an indispensable public safety tool. All provincial and territorial EMOs and Environment and Climate Change Canada are now connected to the NAAD System and can reach Canadians with emergency alerts through radio and television broadcasters, and BDUs.
143. The national public alerting system can make a life or death difference to Canadians. Messages have warned television and radio audiences in individual communities, regions and entire provinces. Citizens have been alerted by federal and provincial authorities to severe weather, floods, forest and wild fires, and have been notified of AMBER Alerts in progress. The NAAD System can handle messages in multiple languages and both text and audio and has been

upgraded with a centralized text-to-speech system that is customized to properly pronounce community names.

144. In the first two years following the CRTC-mandated connection by the broadcasting industry, the NAAD System received, validated and distributed more than 90,000 messages, including 373 designated to interrupted radio and TV broadcasts to warn of imminent threats to life. In eight months, alerting will become even more precise and effective as alert issuers connected to the NAAD System will be able to send warning messages directly to Canadians' cellphones.
145. As mentioned above, our operation and funding of the NAAD System should not be discounted in terms of our overall contributions to the *Act*, particularly as the nature of the NAAD System and public alerting has changed dramatically since 2011. When our mandatory distribution order was extended in 2011 our major requirements with respect to the NAAD System were to execute user agreements with all federal, provincial and territorial emergency management organizations, update the NAAD System as necessary, plan and fund a public awareness campaign and distribute emergency messages through our own broadcast services. At that time broadcasters and BDUs were only expected to connect voluntarily to the NAAD System and participate in the national public alerting system.
146. Three years later, recognizing a lack of voluntary participation by broadcasters, the Commission ordered broadcasters and BDUs to connect to the NAAD System and participate in the national public alerting system. At that time the Commission also amended and added technical and administrative expectations of Pelmorex and the Governance Council, including coordinating and reporting on alerting system tests and reporting to the Commission on the effectiveness of the alerting regulations. In 2017 the Commission ordered the implementation of wireless public alerting, which places significant additional technical and administrative requirements on Pelmorex.
147. All these enhancements to public alerting, as well as others undertaken during our licence term, have or will be completed at no cost to governments or the broadcasting industry. These new regulatory requirements by the Commission have also been possible because it had the foresight to establish an emergency alerting system through the regulations made under the *Broadcasting Act* and through Pelmorex's conditions of licence. The Commission recently determined that it would be in the public interest for the Commission to "retain direct oversight" over the provision of 9-1-1 services by telecommunications service providers.³⁴ It is similarly in the public interest for the Commission to retain oversight over public alerting through the current regulatory model. In our view, the value of this oversight under the auspices of the *Broadcasting Act* and our conditions of licence over the next seven years cannot be overstated.

³⁴ Telecom Regulatory Policy CRTC 2017-182. *Next-generation 9-1-1 – Modernizing 9-1-1 networks to meet the public safety needs of Canadians*. Paragraph 67.

Alerts on The Weather Network and MétéoMédia

148. The Weather Network and MétéoMédia currently provide each of the more than 1,000 communities we serve with localized alerts generated by the NAAD System. While LMDs are only required to pass on alerts that are flagged as broadcast immediately, The Weather Network and MétéoMédia pass on all weather-related messages to viewers in the affected areas as soon as they are issued. And all alerts are distributed over our digital properties. This includes advisories that are important to Canadians such as 911 service outages, storm warnings and watches, wind warnings, frost advisories, and boil water advisories.
149. The Weather Network and MétéoMédia are among the few broadcast services to provide all emergency alerts at the local level. Our services remain indispensable for hundreds of communities without local broadcasters. Even in communities served by local broadcasters, our services may be the only source of local, up-to-date weather information and alerts at many times of the day, including on weekends and evenings.

Digital Basic Objective 2): Is varied and comprehensive, providing a balance of information and entertainment programming at an affordable cost

150. No single specialty service delivers its content, regardless of the genre or subject, with the same level of personalization as The Weather Network and MétéoMédia. We not only provide the most detailed weather information, by customizing it to more than 1,000 communities across the country, we provide the most local relevant and detailed programming of any specialty service. In fact, for many communities The Weather Network and MétéoMédia are the only source of up-to-date local or regional weather, including road information. The Weather Network and MétéoMédia therefore make the digital basic package more comprehensive and valuable to more Canadians.
151. The Weather Network and MétéoMédia's monthly wholesale fee of \$0.23 per subscriber, for both services combined, has remained the same for nearly 25 years and has helped ensure that the basic service remains affordable.

Digital Basic Objective 3) Is drawn from local, regional, national and international sources

152. Specialty services are typically national in nature. The Weather Network and MétéoMédia, however, are national, regional and local all in one, thanks to our two national services, five regional feeds and more than 1,000 local forecasts. The Weather Network and MétéoMédia are also leaders in using user-generated content across all of our platforms. This allows us to access up-to-the-minute weather images and videos from virtually every community in the country and also lets Canadians share their stories and experiences with each other. In many ways, The Weather Network and MétéoMédia are Canada's original social network.

Digital Basic Objective 4): Includes educational and community programs

153. While The Weather Network and MétéoMédia are not educational services by their mandate, they make a strong contribution to teaching all Canadians about the varied and unique nature of our weather, climate and geography. For example, our *Science Behind the Weather* series helps educate our viewers on how tornadoes, hurricanes and other extreme weather phenomena are created. And our 2014 *Students on Ice* series followed an annual expedition to the Canadian Arctic aboard an ice-breaker, where educators and high school students taught and learned lessons about climate change, nature, wildlife, marine life, ocean currents and the culture and history of the Northern communities.
154. Additionally, Canadians rely on our services to learn about each other and what is going on across the country. Our Northern programming content will further this spirit of educational programming by teaching Canadians about important issues affecting our Northern communities, including those relating to, or resulting from, climate change.

Digital Basic Objective 5): Reflects and contributes to Canada’s linguistic duality and ethno-cultural diversity, including the special place of Indigenous peoples in Canadian society

Canada’s linguistic duality

155. The Weather Network and MétéoMédia comprise a unique bilingual programming undertaking. Through the MétéoMédia national and Greater Montreal feeds, we provide a source of national information about Canada in the French language and reflect the needs of individual Francophones and Francophone communities both inside and outside the province of Quebec. MétéoMédia is available for free to BDUs operating outside the Province of Quebec when both MétéoMédia and The Weather Network are carried on basic. Ottawa and Moncton are among the cable markets that have availed themselves of this offer.
156. The same offer is available for our English-language service within Quebec – both English and French-language weather services are offered for \$0.23 per month. With bandwidth constraints diminished due to digital distribution, BDUs are now more capable of offering both Pelmorex services to their subscribers on the basic service. This, however, has not materialized. Therefore, further to the objectives of serving Official Language Minority Communities, we submit that the Commission should require all BDUs to offer both The Weather Network and MétéoMédia on the digital basic service so all Canadians, regardless of where they live, can access our services in their preferred official language.

The special place of Indigenous peoples in Canadian society

157. We consistently reflect the special place of Indigenous peoples in Canadian society to all Canadians through our programming. The Weather Network and MétéoMédia focus, in particular, on the impact of weather patterns and changes on Indigenous peoples across the country, particularly in remote communities.

158. We were also recently named the official presenting sponsor and official weather partner of the North American Indigenous Games (NAIG) taking place in Toronto July 16 to 23, 2017. Throughout this spring we participated in and covered the NAIG community tour, which has visited several Indigenous communities in Ontario leading up to the Games.
159. During NAIG 2017 we will deliver daily custom forecasts and video editorial stories on athletes, their communities and the effect weather has on their sport. And our reporters will be live on-location during the event. The Weather Network and MétéoMédia will also use pictures from Indigenous communities and will air music from an Indigenous composer during our local forecasts over the duration of the Games. We will continue to air the music and pictures yearly on National Indigenous Peoples Day.
160. Going forward, Indigenous peoples will continue to be a focus of our programming, particularly through our planned Northern programming initiative. As part of that commitment we will hire a video journalist from one of Canada’s Northern communities to provide content from the North on an ongoing basis. This content will focus heavily on Indigenous peoples and the impacts of climate change on their communities.
161. Finally, Indigenous communities with satellite or cable TV also benefit from The Weather Network and MétéoMédia’s local information on weather and road conditions being available on the basic service, particularly where access to information is limited. As mentioned earlier, we connected 23 Arctic Co-operatives’ cable systems across Northern Canada to our local forecast network during the current licence term. This connection process required significant investment by The Weather Network and MétéoMédia, including installing satellite receivers and PMX localization equipment at each of the 23 cable headends. We undertook this investment knowing we could never recover the full cost because we believe all Canadians, including those living in rural and remote Indigenous communities, should have access to our important services.

Exceptional contributions to objectives of the Broadcasting Act

162. Finally, The Weather Network and MétéoMédia make exceptional contributions to many of the other objectives in the *Broadcasting Act*, which are highlighted in the table below.

Table 4: Contributions to the objectives of the <i>Broadcasting Act</i>	
<i>Broadcasting Act</i> Objective	Contribution by The Weather Network and MétéoMédia
Maintenance and enhancement of national identity and cultural sovereignty [Section 3(1)(b)]	<p>Twenty-four hours a day, seven days a week, in both official languages, Canadians learn about our land from coast to coast on The Weather Network and MétéoMédia. This includes including the country’s small towns and distant regions that rarely receive mention on national television.</p> <p>Our climate is one of Canada’s most central characteristics.</p>

	<p>The way we live, work and play through it, in good weather and bad, defines Canadians. The Weather Network and MétéoMédia are gathering places for Canadians to see and share maps, photos and videos, and stay informed on what is happening across the country. We maintain that our services are the most visibly Canadian networks on television.</p>
<p>Readily adaptable to scientific and technological change and does not inhibit the development of information technologies and the delivery of resultant services to Canadians [Sections 3(1)(d)(iv); 5(2)(c) and 5(2)(f)]</p>	<p>Pelmorex has consistently embraced technological change and enhancement. More than two decades ago we were the first – and remain the only – broadcaster to provide localized service to more than 1,000 communities, which we did by developing and installing patented technology in each cable headend. We have also harnessed advances in science and technology to provide the same forecasting detail, accuracy and frequency to Canadians in communities of all sizes, and to continuously improve these forecasts each year. Most recently, we designed, developed, deployed, and now continually enhance, the backbone infrastructure of Canada’s national public alerting system.</p> <p>Indeed, our exceptional contributions to Canadian safety through our programming and the NAAD System are a result of our commitment to capitalize on technological change.</p> <p>The Weather Network and MétéoMédia are also Canadian leaders in delivering content on digital platforms. We were one of the first Canadian companies to launch a web site and have continued to leverage the capabilities of digital technology to enhance the quality and accessibility of our services, and to ensure our valuable content is available to all Canadians.</p>
<p>Efficient delivery of programming at affordable rates, using the most effective technologies available at an affordable cost [Section 3(1)(t)(ii)]</p>	<p>The Weather Network and MétéoMédia have always served such audiences through our cross-subsidy model that allows us to provide the same level of customized service to all Canadians due to the subscriber revenue we receive from the largest markets.</p> <p>To deploy our hyper-local service, we have had to install our proprietary localization equipment within the headends of more than 1,000 BDUs across the country, at our own expense. This service would be uneconomical for small systems, but is possible because of our broad distribution on basic in large urban centres. Also, because we have efficiently deployed our proprietary localization technology, we have been able to maintain the same subscriber fee since 1993.</p>

c) Exceptional commitment to original first-run Canadian programming

Provide evidence that the service is making exceptional commitments to original, first-run Canadian programming in terms of exhibition and expenditures. Specifically, the applicant must demonstrate that the commitments it intends to make to original, first-run Canadian programming through exhibition and expenditures justify its exceptional status under a 9(1)(h) order. An “original, first-run program” is defined as the “original exhibition of a program that has not been distributed by another broadcasting undertaking licensed by the Commission.”

163. The Weather Network and MétéoMédia’s combined contribution to Canadian expression through our exhibition of, and expenditures on, Canadian programming is possibly unmatched by any other broadcaster. As mentioned above, because we operate two national specialty services and five regional feeds we provide 100% Canadian content across seven distinct programming feeds, which makes us unique among specialty services. We are equally exceptional in our ability to produce and exhibit first-run Canadian content.
164. The Weather Network and MétéoMédia dedicate significant portions of their daily schedules to first-run live programming. On a given day, The Weather Network will air roughly 12 hours of first-run programming and MétéoMédia will air eight hours of first-run programming. On top of this, we air separate live or near-live hosted forecasts on each of our five regional feeds, increasing our ability to provide and maintain a commitment to first-run programming. Finally, we shift our programming schedule to provide non-stop live coverage during active weather situations. Because of our unique distribution network, we can do this either nationally or regionally. **All told we produce and air approximately 125 hours of original, first-run Canadian programming each week.** Accounting for standard advertising allotments, this is the equivalent of more than an entire programming schedule of original, first-run Canadian programming.
165. Our Canadian programming expenditures also reflect our exceptional contribution to Canadian expression. During the current licence term our Canadian programming expenditures have averaged 47% of revenues, an increase of nearly 10% from our previous licence term. Our CPE requirement of 44% and is nearly 50% higher than what was recently approved for the television services of the large English-language ownership groups.³⁵

Previous Term: Required	Previous Term: Actual	Current Term: Required	Current Licence Term: Actual					Avg.
			2012	2013	2014	2015	2016	
37%	38.3%	44%	45.8%	45.8%	45.9%	51.8%	45.9%	47.0%

166. We are proposing to maintain our current CPE requirement of 44% during the next licence term. On top of that, we have proposed new Canadian programming initiatives that will further our already exceptional contribution to Canadian expression.

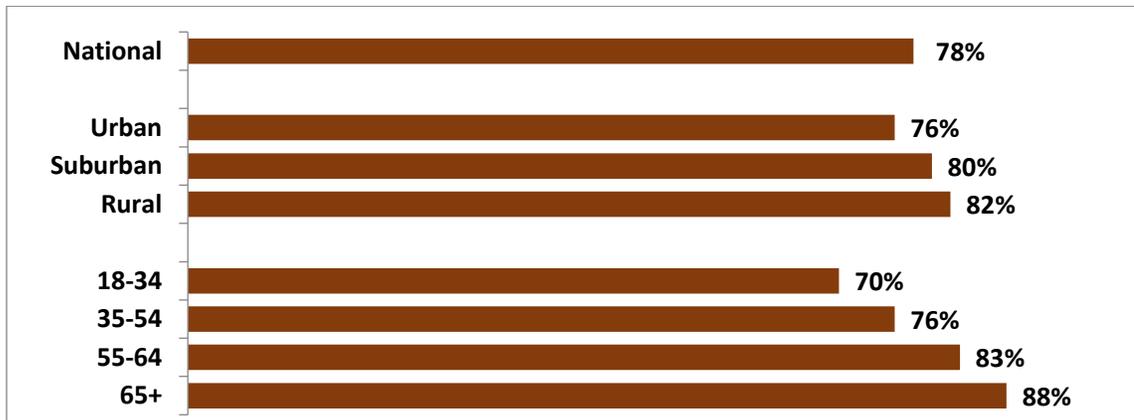
³⁵Broadcasting Decision CRTC 2017-148. *Renewal of licences for the television services of large English-language ownership groups – Introductory decision.*

d) Evidence of extraordinary need

Provide evidence, such as surveys of the prospective audience, demonstrating that there is extraordinary need among the intended audience for the proposed service.

167. The extraordinary need for our services is evidenced by the strong support we have received from our viewers and alerting stakeholders. Canadians have always overwhelmingly supported the continued carriage of The Weather Network and MétéoMédia on digital basic because they believe they are essential planning and safety services, not only for themselves, but for all Canadians. During the renewal process for our current licence more than 4,000 Canadians – including viewers, public officials, public safety stakeholders, Members of Parliament and legislative assemblies, and other broadcasters and BDUs – intervened to support our application.³⁶
168. An Earncliffe Strategy Group survey of Canadians provides insight into Canadians’ attitudes towards our services and why they so strongly believe The Weather Network and MétéoMédia should remain on digital basic. Overall, 78% of Canadians surveyed support The Weather Network and MétéoMédia being renewed as part of their basic cable or satellite package, and only 6% believe the services should be placed on a separate programming tier. Not surprisingly, Canadians in higher age demographics more strongly support our services remaining on the basic package, with support from 88% of respondents aged 65 and over. Support is also stronger in rural areas.

Figure 10: Preferred Placement of TWN/MM on Basic Tier by Key Variables



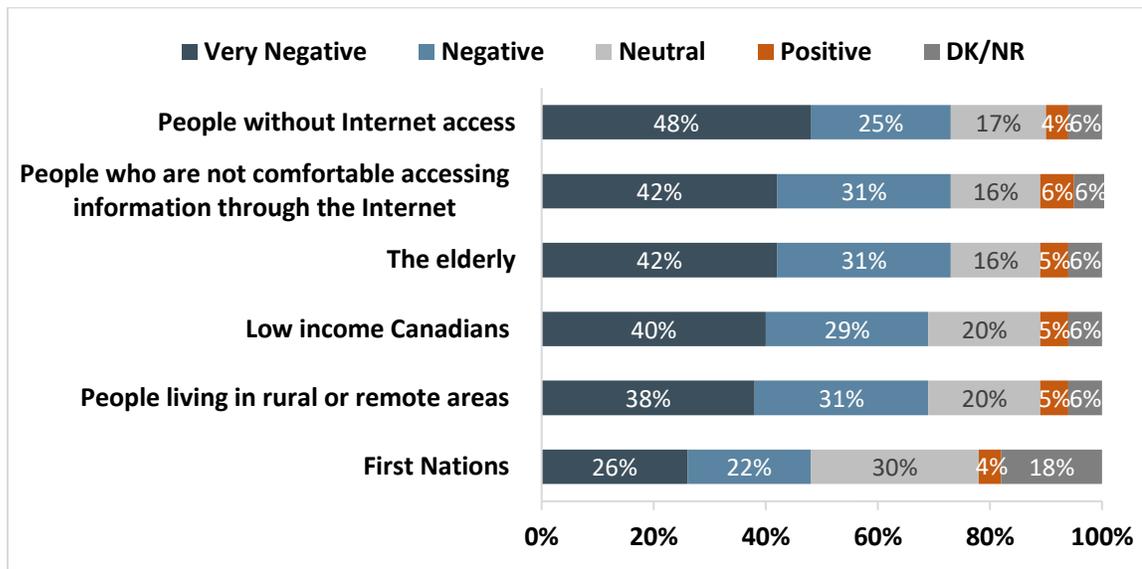
169. Canadians also understand it is important that our local weather and public safety services remain on the basic package so they continue to be available to those who rely on them. While many Canadians access our services online or through a mobile device, many others do not or cannot due to availability, affordability and accessibility. For instance, 18% of Canadian

³⁶ Broadcasting Decision CRTC 2011-438. *The Weather Network/Météomédia – Licence renewal and extension of the mandatory distribution of the service.*

households do not have a fixed broadband subscription and more than 10 million Canadians do not have a mobile data plan.³⁷

170. As such, the basic television service remains the most available, affordable and accessible way for many Canadians to access essential news, information and entertainment services. Canadians recognize this fact, and believe the impact of removing our services from the basic package would be negative for many groups of people. This includes Canadians without Internet access, who are not comfortable accessing information through the Internet, the elderly, low income Canadians and those living in rural or remote areas, as is demonstrated in the figure below.

Figure 11: Impact of TWN/MM move to a Higher Tier on Different Constituencies



171. Canadians also value Pelmorex’s contribution to public alerting. When informed that Pelmorex operates and funds the backbone infrastructure of Canada’s emergency alerting service, and is able to do so because of its broad and predictable distribution on the basic package, support among survey respondents for renewing our services on digital basic increased to 82%. Public safety officials at all levels also continue to support Pelmorex’s role as the NAAD System administrator. We have received letters from public safety officials that send a clear message that there is an extraordinary need for the public safety information and alerting services enabled by The Weather Network and MétéoMédia.

172. Such messages included:³⁸

“I am appreciative of your organization’s continued contribution to the safety of Canadians, in particular through the operation and management of the technical infrastructure for the Federal/Provincial/Territorial National Public Alerting System initiative. I would like to

³⁷ CMR 2016.

³⁸ Select letters of support are attached as Appendix C to this brief.

*congratulate you on the continued operation of the National Alert Aggregation and Dissemination (NAAD) system, which forms part of the NPAS, and is founded through the carriage of The Weather Network/ MétéoMédia on basic cable. Since its inception the NAAD has helped to ensure widespread awareness among targeted, localized populations on everything from Amber Alerts to severe and violent thunderstorms.” – **Ralph Goodale**, Minister of Public Safety and Emergency Preparedness*

*“The success of public alerting has been – and continues to be – dependent on the sustained operation and support of the NAAD System. This includes the distribution of public alerts to broadcasters who pass the alerts onto the public.” – **Michael Morton**, Director of Emergency Management, Ontario Office of the Fire Marshal and Emergency Management*

*“Le MSP est d’avis que l’alerte au public a évolué et est devenue plus concrète grâce à la contribution active de Pelmorex. Le MSP est ravi que Pelmorex réitère son intérêt d’opérer le Système d’agrégation et de dissémination national d’alertes et de poursuivre sa participation à l’amélioration de la sécurité publique pour toutes les Québécoises et tous les Québécois.” – **Éric Houde**, Directeur des Opérations, Direction générale de la sécurité civile et de la sécurité incendie – Ministère de la Sécurité Publique – Gouvernement du Québec*

e) Business plans on digital basic

Provide evidence that its business plan and implementation of its specific commitments are dependent on receipt of broad national distribution on the digital basic service, given the availability of other technological means for distributing content, and that the service would not be able to fulfill its programming commitments without mandatory distribution on the basic service.

173. There would be a significant negative impact on our viewers and on the business model for The Weather Network and MétéoMédia were they no longer guaranteed basic carriage, but were instead provided on various discretionary tiers as determined by BDUs. Our business plan and our commitments to providing our essential weather and safety services have always depended on receiving broad national distribution on the digital basic service. But the potential impact of losing our mandatory distribution is more pronounced now than it was at our last licence renewal for two significant reasons.
174. First, changes to media consumption patterns, and the shift away from TV to digital platforms, over the past decade have particularly impacted our TV services. In spite of being among the most popular specialty services, the nature of our programming and the way many people consume it – e.g. tuning in briefly to check the forecast before planning their day – has always reduced our advertising revenue potential relative to our reach. Because advertisers focus on the Average Minute Audience, rather than reach, when buying ad time, our services suffer compared to those that broadcast 30-minute to 2-hour programs, even though as many or more Canadians ultimately tune into our channels. As such, The Weather Network and MétéoMédia rely more heavily on being easily accessible to the largest possible audience.

175. The table below provides a practical example of this challenge, comparing The Weather Network and MétéoMédia’s advertising revenue against that earned by other specialty services that reach a similar number of Canadians each day.

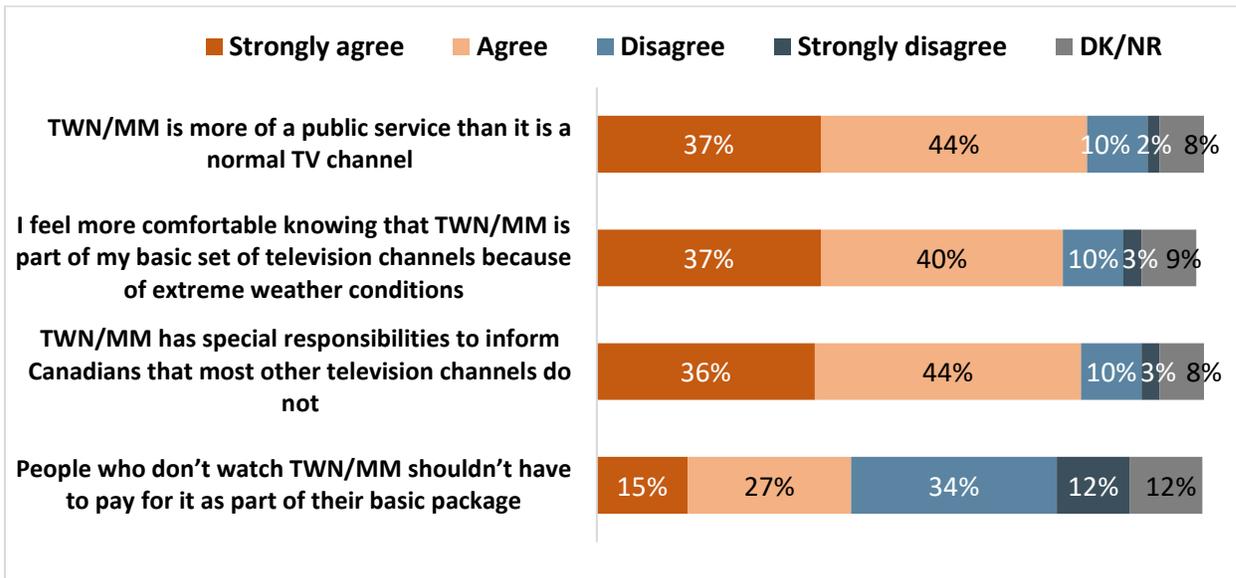
	Avg. Daily Reach ³⁹	2015 National Ad Revenue ⁴⁰
Food Network Canada	1,873,000	\$49,783,000
The Weather Network	1,740,000	\$9,819,000
Space	1,677,000	\$31,765,000
Historia	711,000	\$6,632,000
MétéoMédia	704,000	\$1,935,000
TV5	656,000	\$2,318,000

176. Because of the nature of our programming, The Weather Network and MétéoMédia earn significantly less advertising revenue than services that are viewed by nearly the exact same number of Canadians. This disparity in our ability to monetize our substantial popularity and value has become more pronounced as more Canadians seek alternatives to subscription TV. Any significant reduction in the number of subscribers to our services would have a compound effect on our reach and ability to earn advertising revenue.
177. Second, the mandatory “skinny” basic package has altered the distribution dynamics of specialty services. At the time of our last licence renewal proceeding, BDUs could still form their own basic packages to complement those channels that had mandatory basic carriage. We therefore had to consider various outcomes that included us remaining on the basic service of some BDUs, while moving to a discretionary tier on others. No such opportunity exists now. If we do not retain our mandatory basic designation The Weather Network and MétéoMédia will be removed from the basic package by all BDUs.
178. Being removed from basic would present a significant challenge for The Weather Network and MétéoMédia. Although Canadians overwhelmingly use, enjoy and support our services, many do not believe they should have to pay extra to receive them on a discretionary tier. Subscribers view The Weather Network and MétéoMédia as important public services that should be available within the cost of the basic service. Responses to various statements about our services confirm this.

³⁹ Numeris data. Calendar year 2015.

⁴⁰ CRTC Financial Summaries.

Figure 12: Response to Attitudinal Statements about TWN/MM



179. While we appreciate that most Canadians believe we are an essential public service, the implication of being removed from the digital basic service is troubling. The declining subscriber revenue, combined with already declining advertising revenue, would prevent us from fulfilling many of our unique programming commitments and public safety contributions.
180. The Weather Network and MétéoMédia offer Canadians many service options that do not recover their own costs. Our localization is a prime example. Our 31 subscribers in the village of Glaslyn, Saskatchewan receive a custom local forecast and weather information that is given the same level of attention, detail and accuracy as those intended for the cities of Regina or Saskatoon. Similarly, our 77 MétéoMédia subscribers in Saint-Cléophas, Quebec receive the same level of service as our millions of subscribers in the Greater Montreal area.
181. Small markets such as Glaslyn and Saint-Cléophas have virtually no positive impact on our ability to attract advertising. In all, our annual return from providing local service to each of these communities is the roughly \$85 and \$213 in annual subscriber fee revenue, respectively.
182. Offering relevant local content to communities like Glaslyn and Saint-Cléophas and hundreds of others like them while committing to upgrading their service to HD is only possible because of the long-term predictable revenue stream associated with broad distribution on the basic tier. The same is true for many of the other aspects of our unique service, including:
- Operating two separate specialty weather services for a single carriage fee;
 - Providing five regional feeds;
 - Programming 100% Canadian and 100% original content;
 - Sustaining our exceptional CPE level; and
 - Operating the backbone infrastructure of the national public alerting system.

183. As one of Canada's few remaining independent standalone operators Pelmorex is not in a strong position to negotiate carriage rates and packaging with BDUs. With a reduced subscriber base we would have to cut costs and increase our subscriber rate for both of our national services to remain viable. For instance, we estimate we would need to cut more than \$38 million from our forecasts over the next seven years to maintain the profitability we would anticipate under our current licence conditions. We would expect that all of the current conditions of licence specific to The Weather Network and MétéoMédia, as well as our proposed initiatives, would be negatively affected.
184. Pelmorex has been a leader in exploring other technological means for distributing our content, and we will continue to do so. But we cannot deliver our important service to all Canadians via Internet alone. The largest segment of our audience, Canadians aged 65 and over, are among those least likely to access our services digitally. Many rural Canadians who do not have access to broadband Internet can also not be reached digitally. These are the demographics that rely on accurate, reliable weather information the most. Finally, the loss of basic carriage would impact the high level of free service we could provide online and through mobile devices without healthy TV services as part of our content ecosystem.
185. Financial projections demonstrate a challenging future even with mandatory basic carriage. However, in spite of this new financial reality, we are not proposing to scale back any services – rather, we will deliver many enhancements – if we maintain mandatory distribution on digital basic.

f) Impact of the wholesale rate

Provide evidence of the likely impact of the proposed wholesale rate on the price of the basic package to consumers and of its widespread acceptability to Canadians.

186. Pelmorex does not propose any change in its wholesale subscriber fee, and therefore maintaining our mandatory distribution order will have no impact on the wholesale rate for digital basic. We propose to continue at the current wholesale rate of \$0.23 on basic carriage – the same rate as in 1993. This rate is affordable, as the Commission noted in *Broadcasting Decision CRTC 2011-438* when it renewed our licence and our mandatory distribution order:

“The Commission also notes the extraordinary need among Canadians for the proposed service, and that the extension of the mandatory distribution of TWN/MM would not have an impact on the fee that subscribers pay for digital basic service.”⁴¹

187. With mandatory carriage for The Weather Network and MétéoMédia on basic, the Commission has ensured that our services remain available to all communities, at the same price, regardless of size. Broad distribution allows us to cross-subsidize the same level of service in small systems

⁴¹ Broadcasting Decision CRTC 2011-438. Paragraph 29.

from the revenue generated in major markets. This includes upgrading our localization equipment to provide an HD signal to all communities. Today many small systems carry one or both of our services, as shown in the table below.

Table 7: BDUs with fewer than 6,000 subscribers that carry The Weather Network and MétéoMédia				
	The Weather Network		MétéoMédia	
	2,000-6,000 subs	< 2,000 subs	2,000-6,000 subs	< 2,000 subs
# of Systems	115	1,276	64	501
Total Subscribers	388,333	366,804	224,435	175,680
Average subs per system	3,377	287	3,507	351

188. The single pricing structure for both of our services is also favourable for Canada’s linguistic minority communities, as we make both services available to all BDUs. At our last licence renewal we were optimistic that more BDUs, enabled by digital technology, would make available our bilingual offer. This, unfortunately, has not materialized. As such, we are requesting that the Commission amend our distribution order to require that all BDUs include both The Weather Network and MétéoMédia’s as part of the digital basic service.
189. As provided above, The Weather Network and MétéoMédia’s place on the digital tier is widely accepted. Only 6% of Canadians surveyed support The Weather Network and MétéoMédia being moved to a discretionary programming tier, while 78% of survey respondents believe they should remain part of the basic package.

g) Proposed timeframe

Provide evidence to support the proposed timeframe during which its service should have exceptional status under an order pursuant to section 9(1)(h) of the Act

190. Pelmorex proposes that the distribution order for mandatory basic and our broadcasting licence be continued until 2025. The attached business case demonstrates that The Weather Network and MétéoMédia will not generate sufficient revenues and profitability to continue with their current quality and depth of programming, the reach of our services through localization, and the high annual operating cost of the NAAD System, without broad distribution through mandatory carriage on basic at the current rate of \$0.23.
191. We have proposed significant programming and technical upgrades to our broadcasting services. The necessary investment for the latter, in particular, needs to be spread out over the duration of the full seven-year licence term to ensure it is feasible. Enhancements to our service localization has a long lead time as we identify options, and then design and develop the solution.
192. Operating and enhancing the NAAD System also requires a long-term vision and stable funding base. At the National Public Alerting Summit in Edmonton in 2015, CRTC Vice-Chairman of

Telecommunications Peter Menzies remarked on the endlessly evolving nature of public alerting:

“There is really no such thing anymore as crossing a finishing line and pausing to catch one’s breath. The race to ensure Canadians have a modern, comprehensive communications infrastructure that can facilitate emergency alerting on all platforms and through all facilities is – at least so far ahead as we can see right now – an ongoing marathon.”

193. Indeed, the NAAD System of 2011 is almost unrecognizable compared to the NAAD System of today. The Weather Network and MétéoMédia have learned through nine software upgrades of the NAAD System that the opportunity, and need, for improvements and refinements does not end. As we outlined above, we will enable significant new NAAD System features, including WPA, before our current licence term is finished. That said, new requests and opportunities will most certainly be presented before the current upgrades are completed.
194. WPA establishes a new level of capabilities and should usher us into the next generation of alerting. The addition of mobile devices to the alerting ecosystem also raises new policy and governance issues to be addressed, and adds new voices to the Governance Council discussions. Our capital and operating investments in NAAD System are estimated to be \$3 million over the next licence term. The stability provided by basic carriage will be required throughout to capitalize on opportunities for the benefits of all Canadians.
195. As we have learned, NAAD System software upgrades have long lead times to move through concept, design, implementation and testing. This is why new potential NAAD System enhancements are often asked for by users before the most recent round of enhancements have been completed. We can only speculate as to what the NAAD System of 2025 may look like, but it is feasible we would be asked to support alerting enhancements resulting from new broadcast and mobile technology as well as additional distribution platforms such as electronic highway signs, lottery terminals and closed circuit television.
196. The stable funding that comes with broad distribution on the basic package over a full licence term is what allows us and the Governance Council to assess, prioritize and implement NAAD System improvements in a timely and orderly manner.
197. Unlike many other recent programming licence renewal applications, Pelmorex is not looking to reduce its commitments to the Canadian broadcasting system, but rather to increase them. Therefore, while the Commission has most recently been limiting licence terms to five years, often to account for the rapidly changing broadcasting environment, we believe a longer term is needed and more appropriate in this case. Given our proposal to fix the subscription rate for The Weather Network and MétéoMédia at \$0.23 and to provide the benefits to consumers and the Canadian broadcasting system as described throughout our Application by conditions of licence, the risk of the changing broadcasting environment falls to Pelmorex. We are prepared to accept that risk. In return, risk, if any, to the Commission and consumers will be mitigated.

An updated distribution order so The Weather Network and MétéoMédia can better serve all Canadians

198. In light of the above, Pelmorex is requesting the Commission amend Broadcasting Order CRTC 2009-340-2, or issue a new Order, requiring continued distribution The Weather Network and MétéoMédia as part of the digital basic service, effective 1 September 2018 until 31 August 2025. We are seeking two amendments to our current Order to better serve the needs of Canadians. Specifically, we respectfully submit that the Order require:

- The distribution of both The Weather Network and MétéoMédia on the digital basic service of all BDUs; and
- Both the HD and SD feeds of The Weather Network and MétéoMédia be distributed as part of the digital basic service when made available to BDUs.

Serving Official Language Minority Communities

199. Pelmorex seeks distribution of both The Weather Network and MétéoMédia on digital basic to ensure the needs of official minority language communities (OLMC) are accommodated. This is particularly important in markets with large complements of French- and English-speaking residents. We note that the vast majority of BDUs already distribute both of our services (although they do not always offer both as part of the basic service), so capacity is not an issue. Further there is no additional cost to the BDU or consumer since the regulated rate includes both The Weather Network and MétéoMédia.

200. This request is also consistent with past Commission decisions. As early as 1988, the Commission made clear that The Weather Network and MétéoMédia charge each exhibitor of its service, or services, a single wholesale rate where the exhibitor distributed “*one or both versions of the service as part of its basic service.*”¹

201. The Government of Canada recognized the importance of the availability of English- and French-language broadcasting services to French and English linguistic minority communities. This was made clear in the 2008 *Order in Council P.C. 2008-1293*:

Whereas the Governor in Council further considers and assigns high priority to the fact that: ...

b) the presence of English- and French-language broadcasting services in English and French linguistic minority communities in Canada contributes not only to the vitality and development of those communities but also responds to the needs of all Canadians who wish to attain a better understanding of both official languages;

202. Finally, the Commission also recognizes the importance of serving OLMCs, and The Weather Network and MétéoMédia’s contributions to meeting that objective. In its *Review of the*

¹ This was clarified by the Commission as early as 28 November 1988 in Decision CRTC 88-821 which allowed distributors to carry one or more of The Weather Network and MétéoMédia. [Emphasis added].

Implementation of Section 41 of the Official Languages Act 2015-2016, the Commission reported:

Response 1-1.a: i. Access to television services in both official languages

In Broadcasting Regulatory Policy CRTC 2015-86 (Let's Talk TV), the CRTC indicated that, in accordance with paragraph 9(1)(h) of the Act, for all providers with more than 2,000 subscribers, it would maintain mandatory broadcasting of services deemed to be exceptional, including those that have a positive impact on OLMCs. These services are subject to a mandatory distribution order because of the importance of the programming they provide in the furtherance of the objectives of the Act. The following 9(1)(h) services have an especially strong impact on OLMCs:

In all markets: ...

- *Météomédia and The Weather Network: two weather news services in French and English.*

203. Amending the Order to include both services on the digital basic will serve to clear up any misunderstandings or misinterpretation of the Order by some BDUs who believe only one of the services can be distributed on the digital basic service.

HD and SD distribution

204. Pelmorex also requests that the Commission amend the Order to require carriage of both the SD and HD feeds of The Weather Network and MétéoMédia when made available. As mentioned earlier in this brief, and highlighted in Figure 5 previously, notwithstanding the availability of our HD national, regional or local programming feeds, a significant number of BDUs do not carry The Weather Network and MétéoMédia in HD format.
205. Pelmorex believes such a request is reasonable given the undertaking to upgrade our service to HD made in our last licence renewal, as well as the commitments made by The Weather Network and MétéoMédia in this renewal application.
206. The Commission's current policy,² which enables BDU licensees to distribute either the standard definition version or high definition version of a programming service, was established in 2011, when fewer than 60% of Canadian homes had an HD TV set and roughly only a quarter of Canadian households had an HD-capable set-top-box.³ The consumer market has changed significantly since that time. The availability of HD signals is expected by consumers today making HD distribution critical for broadcasters.

² *Broadcasting Regulatory Policy CRTC 2011-522, General authorizations for broadcasting distribution undertakings.*

³ See <http://playbackonline.ca/2011/11/13/report-58-of-canadians-have-hdtvs-but-most-dont-view-in-hd/#ixzz4IEUL3AJI>

7. The Consequences of Removing The Weather Network and MétéoMédia from the Basic Service

207. The negative consequences of removing The Weather Network and MétéoMédia from the basic service would be significant. Our attached financial projections estimate we would incur significant and growing budget shortfalls within two years after being removed from the basic tier, and would need to cut \$38 million from our budget over the next seven years to maintain the profitability we would anticipate under our current licence conditions. As such, if our Application is not approved as filed we would seek to have 10 of the 11 current conditions of licence specific to The Weather Network and MétéoMédia significantly altered or deleted.
208. Because of the capital-intensive nature of our services – including two national, five regional, and more than 1,000 local channels – and our commitment to 100% original Canadian content, it would be impossible for us to make the necessary budget cuts without completely altering the nature of our services. This includes our commitments to local programming, regional feeds, forecasts and alerting, and serving small, rural and remote communities, not to mention the new initiatives we have proposed in this Application.
209. The impact of changes to our services would be most pronounced for Canadians who rely on our services the most, including the elderly, low income Canadians and those living in rural areas. As is often the case, those who rely most on a public service are the least capable of paying extra for it. As the survey results indicated, Canadians aged 65 and over and rural Canadians most strongly support The Weather Network and MétéoMédia remaining part of the basic package. And all survey respondents identified Canadians without Internet access, those who are not comfortable using the Internet, the elderly, low income Canadians and people living in rural and remote areas as those who would be most negatively affected if our services were removed from the basic tier.
210. Compounding access, availability and affordability issues, is the fact that seniors, rural and low income Canadians do not drive advertising decisions, meaning The Weather Network and MétéoMédia cannot effectively monetize these important groups. We have always served such audiences through our cross-subsidy model that allows us to provide the same level of customized service to all Canadians due to the subscriber revenue we receive from the largest markets. Many of the services that we provide do not generate enough revenue to cover their costs.
211. Indeed, 80% of survey respondents believe that The Weather Network and MétéoMédia have special responsibilities to inform Canadians that most other television channels do not. Eliminating the stable funding that comes with broad distribution on basic would impair our ability to meet these responsibilities and would impact Canadians in a variety of ways.

Reduced access to weather and safety information

212. The first impact of removing The Weather Network and MétéoMédia from the basic tier is that many Canadians would no longer have access to our service. Even if The Weather Network and MétéoMédia were to match the popular TSN as a leader in discretionary take-up rates, more than 2 million fewer households would receive our services.⁴² It is entirely possible that the number of Canadians losing access to our services could be much greater depending on how BDUs decide to package our services.
213. The most immediate impact would be felt by low income Canadians who cannot afford to subscribe to a discretionary tier and are also less able to afford Internet service. Many rural and remote Canadians with limited Internet access would also no longer be able to rely on our services as they do today. Our services would most likely be packaged with other information services on tiers that could cost \$5 per month or more. On a standalone basis, individual channels tend to be priced from \$2 to \$4 per month.
214. As we have mentioned, the streamlined skinny basic package is now the most affordable, available and accessible way for Canadians to access important news and entertainment services. Requiring Canadians to pay \$24 to \$50 more per year to access our services would certainly place an undue burden on the millions of Canadians who rely on The Weather Network and MétéoMédia as their sole broadcast source of current daily weather information.
215. Pelmorex's current offering of both services at a single low price in large and small communities would no longer make sense. With The Weather Network or MétéoMédia placed on discretionary tiers of large BDUs, the implicit subsidy from major centres to small ones would break down, raising the cost to smaller distributors and their clients.

Reduced access to regional and rural weather news

216. Our important rural subscribers would also very quickly notice a shift away from the historic local focus of our programming and forecasts if our services were only available on a discretionary tier. As revenues inevitably decline, we would have to focus our offerings on the top markets in Canada where the vast majority of subscription and advertising revenues are generated. We would also expect to be relieved of our licence commitments with respect to Canadian content exhibition to put us on equal footing with other discretionary services. This would reduce Canadian expression for our viewers as well as across the Canadian broadcasting system.
217. Programming priorities would reflect the needs of large markets and many planned improvements, such as greater localization, will only happen on a very limited and strategic basis. As a result, many Canadians would lose access to their local forecast, particularly as BDUs cease SD distribution or where maintaining our legacy PMX equipment is no longer practical. We would also need to re-examine the viability of our regional feeds, which we committed to

⁴² CRTC financial summaries.

launching during our last licence renewal as a way to further our public service objectives.

Reduced digital service offering

218. Reduced TV service and advertising revenue would also negatively affect our popular, free digital services. The Weather Network and MétéoMédia have always been leaders in digital media due to our ability to create a strong ecosystem of options that leverage and complement our broadcasting services. We also view providing a suite of strong digital options as being inherent to our licence and our designation as an essential, exceptional service. That is, the Commission has concluded that our services are of exceptional importance to Canadians and we endeavour to reach them in every way possible.
219. Having strong, locally-focused broadcasting services helps ensure Canadians also have access to our strong digital presence. Conversely, if our ability to invest in our locally-focused TV offering declined, it would have an impact on what we would be able to offer Canadians who prefer to receive weather and environmental digitally. New investment decisions would likely affect both the quality of the programming and forecasting that we can offer on our digital platforms.

Reduced public alerting

220. Finally, if The Weather Network and MétéoMédia were no longer made available on the digital basic service, Pelmorex would be unable to support and provide the NAAD System as part of its licensed undertakings, possibly jeopardizing the availability, effectiveness and cost to Canadians of public alerting in Canada.
221. The NAAD System and our support for national public alerting represent a significant cost for Pelmorex. It requires bilingual, round-the-clock staffing in two locations for security and redundancy, as well as significant staff resources for maintenance, upgrades and to engage in important policy discussions. The success of the NAAD System and of the national public alerting system represents a strong private public partnership that delivers an essential service to Canadians. And Canadians overwhelmingly support maintaining the business model with which we launched the NAAD System and enabled public alerting nationwide.

8. Conclusion

222. Considered essential services by Canadians for more than a quarter century, The Weather Network and MétéoMédia comprise a unique weather and safety service that provides unparalleled local weather forecasts and news customized to Canadians across the country in both official languages. We built and grew the services on an innovative model that required the development of custom localization equipment that was installed at more than 1,000 Canadian BDU headends. And we remain committed to focusing on local forecasting and providing the most essential and frequently-updated information that Canadians need to plan their daily lives and stay safe.
223. The Weather Network and MétéoMédia are unmatched in programming 100% Canadian content on seven programming feeds. We additionally contribute to Canadian reflection and expression through our higher than average annual CPE and through our programming that contributes to public safety, Canada's linguistic duality and the overall value and comprehensiveness of the basic service. On top of this, The Weather Network and MétéoMédia make an unparalleled contribution to public safety by operating and funding the NAAD System, the backbone of the national public alerting system.
224. The Weather Network and MétéoMédia have long been a staple of the basic package, and are considered essential public services by most Canadians. Our current licence term has been particularly productive in terms of our programming, increased regionality, enhanced HD distribution and the expansion and enhancement of the NAAD System, first by enabling the mass distribution of life-saving alerts to Canadians through all TV and radio broadcasters and distributors, and soon by doing the same through wireless devices.
225. All the contributions we make to Canadians and to the objectives of the *Broadcasting Act* are contingent on the broad distribution of The Weather Network and MétéoMédia on the basic service. Subscriber revenue from large markets is needed to subsidize our hyper-local weather news and forecasts in smaller unprofitable communities. The unique nature of our programming, and the way it is viewed, requires us to rely more on wholesale subscriber revenue than similarly popular services. But we have always met our obligations by adding to and enhancing our programming and public alerting with no increase to our wholesale rate, which has been \$0.23 since 1993.
226. The Weather Network and MétéoMédia look forward to continue making our unique, extraordinary and essential contributions to Canadian expression and public safety for the benefit of all Canadians.

9. Appendices

- A. National Public Awareness and Attitudes Survey
- B. Localized Distribution of The Weather Network and MétéoMédia
- C. Letters of Support
- D. Proposed Distribution Order for the carriage of The Weather Network and MétéoMédia