

# CableFAX Daily™

Tuesday — August 14, 2007

What the Industry Reads First

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## Bargain Bonanza: Sunflower Gives Away the Digital Store

It feels a bit like a fire sale in Kansas these days. Having been ordered by the **FCC** to stop deploying set-tops with integrated security by Sept 1, **Sunflower Broadband** has declared that 'everything must go.' Late last month, it launched the "Great Digital Set-top Box Giveaway"—offering customers free digital boxes through Aug 31. How successful has it been? In the past 5 weeks, Sunflower has deployed 10K digital boxes, according to gm *Patrick Knorr*. By comparison, the operator deployed 6K boxes last year and 10K boxes from '99-'03, he said. Sunflower was among the 9 ops, including **Bresnan** and **Armstrong**, that were denied waivers for the July 1 set-top integration ban but were given until Sept 1 to come into compliance. Knorr said the operator had asked the FCC for a waiver, saying it wanted to maximize digital penetration while providing a handful of channels on analog simulcast for elderly subs unwilling to get a box, or for 3rd and 4th sets in the home. "Functionally, we were planning on a digital set-top in every home," he said. But the FCC Media Bureau said that wasn't enough for a waiver, so Knorr and his team have been working to get the boxes out of inventory. He said the boxes are free, and will not incur a monthly set-top charge. The cost of the boxes is included in the cost of expanded basic, which now includes some channels that are only available on digital (such as **ESPN Classic** and **Lifetime Movie Net**). Sunflower's vast inventory of integrated boxes has been pretty much depleted, with the operator now relying on the previously deployed boxes from college students and others, said Knorr, who is also chmn of ACA. Integrated boxes deployed before Sept 1 can be re-deployed when they re-enter inventory. "I agree in principle with the idea of standardizing consumer equipment, but I think this is an atrociously executed plan of the FCC," Knorr said, noting that the 2 industries that require consumer equipment—satellite and cellular—aren't subject to the same compatibility requirements. Other ops **Cfax** contacted, including **Suddenlink** and **Bresnan**, said they aren't running similar promotions. "We're aggressively managing our inventory so that we have as few orphaned boxes as possible," said a Bresnan rep.

**In the States:** **Bresnan** is rolling out its 1st commercial phone offering for small- and medium-sized businesses. Billings, Missoula, Bozeman, MT; Grand Junction, CO; and Cheyenne and Capser, WY, are the 1st cities to get the service. -- More details on **Time Warner Cable's** "Look Back" (**Cfax**, 8/2) can be found in Sun's *NY Times*. The MSO plans to start offering the service in Oct in SC. Look Back lets subs watch shows the same day they originally aired (anytime before midnight) but doesn't let them fast forward through commercials. -- **Charter** now offers the "Worldwide 250 Calling Plan," allowing phone subs 250 monthly minutes to call over 200 global destinations for \$20/month. -- *Slate's Jack Shafer* came to *NY Times* reporter *Linda Greenhouse's* defense in the infamous **C-SPAN/journalism** panel debate (**Cfax**, 8/13). C-SPAN cameras were asked to leave an **Assoc for Education in Journalism and Mass Communications** panel Thurs after Greenhouse expressed her displeasure with being taped.

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**Competition:** **Qwest** named ex-**Ameritech** and **Williams-Sonoma** CEO **Edward Mueller** chmn/CEO, succeeding **Richard Notebaert**, who officially retires Wed after a 5-year reign at the telco. Also a former **SBC** exec, Mueller steps into a fiercely competitive communications market, although he will be handsomely rewarded with a 3-year contract sporting a \$1.2mln annual base salary and a 200% target bonus. -- New skinny on the tech **DISH** is rolling out Wed: turns out it won't be an external hard drive, but a new HD DVR receiver with an expanded hard drive. The receiver can store up to 350 hours of standard-def content or 55 hours of HD, and customers can attach any USB hard drive disk up to 750GB to download content. Applicable is a one-time fee of \$40. -- **DirecTV** has added to its "NFL Sunday Ticket" playbook a \$99 option allowing package subs to access games through PCs and laptops, and in-progress highlights via mobile phones.

**Krush on Kids:** **MTVN** on New Year's Eve will split its **NOGGIN** and **The N** brands into 2 standalone 24-hour nets to be carried by all cable ops, **DirecTV**, **U-verse TV** and **FiOS TV**. The brands now operate within distinct windows on the same net, in approx 60mln homes. The move is part of MTVN's strategy to super-serve targeted audiences.

**World Wider Web:** **Cisco** and **Texas Instruments** successfully completed interoperability testing of upstream channel bonding, a key advancement toward **CableLabs'** DOCSIS 3.0 specs for HSD transfer over cable networks. By meshing a Cisco CMTS platform with a TI DOCSIS 3.0 CPE development platform, the pair opened the door to offering upload speeds far greater than those available today. **Comcast** CEO **Brian Roberts** provided a glimpse at the National Show in May by demoing a wideband cable modem.

**Carriage:** After years of tears and jeers, **Red Sox** fans in Waterbury and Seymour, CT, finally got their wish as **Comcast's** launch of **NESN** enabled them to watch last night's Sox-Tampa Bay game. However, **Charter** subs in Bethlehem, Woodbury and other nearby communities are still without the Sox.

**Junk Food Warrior:** **Discovery Kids** said it will only license its name and characters to healthy food and beverage products. The only exception—special occasion sweets, such as birthday cakes (big licensing money maker, we hear). **Discovery Kids** also will urge kids to eat more fruits and veggies. The move got a round of applause from FCC commissioners. House Telecom subcmte chmn **Ed Markey** (D-MA) once again called on **Nick** and **Cartoon** to follow a similar path. Markey, who has been crusading to curb the amount of junk food and tobacco media images that reach young people, better not tune into the new season of **MTV's** "The Real World." It features 7 strangers who love their ciggys.

**Online:** **Nat Geo** added to its **NGCWild.com** broadband site a content category featuring efforts of the **Wildlife Conservation Society**, which runs the Bronx Zoo and 4 other NYC zoos. -- **FoxSports.com** will for the 1st time offer a live Webcast (Wed, 10am-3pm ET) of **FSN's** annual preseason **NFL** summit, which takes place at **News Corp's** NYC HQ.

**Mobile:** **iPhone** users may now visit **Skypeforiphone.com** via their handsets to download an app allowing calls to any landline/mobile number or PC equipped with **Skype**. The service is free for a limited time, with credits for intl calls. -- **ESPN.com** on Mon launched an improved PodCenter with more interactivity and an iPhone-compatible video player. Since the center's '06 launch, **ESPN** reports a 1000% increase in unique visitors and 650% growth in total downloads.

**Representing MD, TLC:** Donning the **Miss America** sash next year will be **TLC**, which becomes the 2nd cable home of the annual beauty pageant with a 3-yr rights deal. **CMT** picked up the pageant after **ABC** booted it in '04 for underperformance, but **CMT** declined to exercise its '08 option. MA's '08 iteration will bow Jan 26, and will be preceded by a **TLC**



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# BUSINESS & FINANCE

reality show chronicling the preparations of pageant contestants. The net is remaining mum about a "new twist" planned for the pageant telecast.

**Public Affairs: Comedy Central** launched the "Address the Mess" TV/Web campaign to promote ways to reduce waste and help revive the planet. Also on deck: a fall college tour to promote recycling.

**Honors: Weather Channel gm Wonya Lucas** will receive **WICT Atlanta's** Inspiration Award for Woman of the Year at its Red Letter Award Gala in Oct. Turner svp, corp comm **Shirley Powell** was named Woman to Watch. Turner Ent Group's **Veronica Sheehan** will win the Catalyst Award for Woman in Tech, while TBS and TNT vp, programming **Sophia Kelley** picks up the Mentor Award.

**People: Worldwide Biggies**, former **Nick** pres **Albie Hecht's** digital ent studio, hired ex-Nick and **Oxygen** exec **Scott Webb** as Chief Creative Officer. Ex-Nick Online vp **Christopher Romero** joins as CTO. Former **MTVN** domestic CFO **Robert Gibilterra** becomes CFO. -- **Retirement Living TV** named **G4** founder **Charles Hirschhorn** chief creative officer. Retired Time Warner programming head **Fred Dressler** is a partner and board member. -- **Turner** appointed **Vicki Hamilton** svp, enterprise performance. -- **Comcast** named **Jay Kreiling** vp, video services and **Kim Vignola** vp, research, entertainment group.

## CableFAX Daily Stockwatch

Company	08/13 Close	1-Day Ch	Company	08/13 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDs</b>					
BRITISH SKY:	53.84	(1.22)	AMPHENOL:	35.23	(0.16)
DIRECTV:	22.43	0.59	APPLE:	127.79	2.79
DISNEY:	33.24	0.08	ARRIS GROUP:	15.16	0.19
ECHOSTAR:	40.02	1.27	AVID TECH:	31.89	(1.52)
GE:	38.17	(0.06)	BIGBAND:	9.91	(0.08)
HEARST-ARGYLE:	20.66	(0.56)	BLNDER TONGUE:	1.45	0.02
ION MEDIA:	1.40	0.01	BROADCOM:	35.04	(0.81)
NEWS CORP:	22.30	0.29	C-COR:	13.24	0.25
TRIBUNE:	25.77	(0.73)	CISCO:	30.83	(0.56)
<b>MSOS</b>					
CABLEVISION:	33.10	0.10	COMMSCOPE:	52.59	3.07
CHARTER:	2.76	0.02	CONCURRENT:	1.43	0.02
COMCAST:	25.76	0.32	CONVERGYS:	17.64	0.26
COMCAST SPCL:	25.70	0.34	CSG SYSTEMS:	22.76	0.75
GCI:	12.33	(0.56)	GEMSTAR TVG:	5.51	0.04
KNOLOGY:	14.84	1.23	GOOGLE:	515.50	(0.25)
LIBERTY CAPITAL:	113.75	0.32	HARMONIC:	8.77	0.19
LIBERTY GLOBAL:	41.95	1.33	JDSU:	14.22	(0.32)
LIBERTY INTERACTIVE:	19.61	0.48	LEVEL 3:	5.29	(0.12)
MEDIACOM:	8.00	0.24	MICROSOFT:	28.63	(0.08)
NTL:	28.22	0.00	MOTOROLA:	16.85	0.24
ROGERS COMM:	42.97	0.00	NDS:	49.62	0.89
SHAW COMM:	22.21	(0.2)	NORTEL:	19.17	0.27
TIME WARNER CABLE:	35.35	0.75	OPENTV:	1.33	(0.17)
WASH POST:	792.47	(0.28)	PHILIPS:	38.28	(0.26)
<b>PROGRAMMING</b>					
CBS:	31.04	0.42	RENTRAK:	12.61	0.29
CROWN:	6.54	(0.51)	SEACHANGE:	6.48	0.18
DISCOVERY:	24.38	(0.19)	SONY:	48.40	0.40
EW SCRIPPS:	40.44	0.56	SPRINT NEXTEL:	19.49	0.64
GRUPO TELEVISA:	24.69	0.48	THOMAS & BETTS:	56.50	1.41
INTERACTIVE CORP:	27.97	0.67	TIVO:	5.90	(0.79)
LODGENET:	27.36	(0.29)	TOLLGRADE:	10.11	1.00
NEW FRONTIER:	6.45	0.44	UNIVERSAL ELEC:	29.06	(0.67)
OUTDOOR:	9.06	0.14	VONAGE:	2.28	(0.18)
PLAYBOY:	10.92	0.10	VYYO:	5.77	(0.81)
TIME WARNER:	18.80	0.18	WEBB SYS:	0.14	0.00
UNIVISION:	36.23	0.00	WORLDGATE:	0.39	(0.04)
VALUEVISION:	8.72	0.32	YAHOO:	24.57	0.63
VIACOM:	38.05	(0.95)	<b>TELCOS</b>		
WWE:	14.50	(0.38)	AT&T:	39.08	0.21
<b>TECHNOLOGY</b>					
3COM:	3.71	0.15	QWEST:	8.50	0.13
ADC:	17.11	0.65	VERIZON:	41.65	0.32
ADVANTAGE:	5.96	1.08	<b>MARKET INDICES</b>		
ALCATEL LUCENT:	11.01	(0.24)	DOW:	13236.53	(3.01)
AMDOCS:	36.56	0.75	NASDAQ:	2542.24	(2.65)

## New product enthusiasts want Hallmark Movie Channel

Hallmark Movie Channel ranks #1 on high interest among subscribers interested in HDTV, VOD, digital cable, and DVR.



insidehallmarkchannel.com

Source: BETA Research 2007 Cable Subscriber Interest Study. Based among all supported emerging/digital networks, and exclude commercial-free networks.



## M.C. Antil's CableFolks

### Veteran Cable Guy Egan Retraces Musical Roots

One of my favorite dinner conversation starters has always been Desert Island Discs...

You know. You're going to be stranded on a deserted island for two years; what five discs do you take?

This week marks the 38th anniversary of the legendary Woodstock Music and Arts Festival.

So I decided to make a phone call and play a little game of DID with the industry's de facto 1960s music expert, former Cablevision Industries programming head Mike Egan.

Mike, one of the most universally respected and admired MSO execs of his day, has been consulting since CVI was swallowed by Time Warner over a decade ago.

What you may not know is that over the past couple of years Mike himself has become consumed—this by a project dropped in his lap by his former boss, Alan Gerry.

Gerry's Bethel Woods Center for the Arts, built on the site of the original Woodstock, will feature a multi-media museum designed to celebrate the social and cultural impact of not only the festival but the remarkable decade that preceded it.

It has been Mike's job, and some might argue his obsession, to make the museum a reality by next spring.

When I caught up with Mike, he was more than eager to talk music despite being feverishly busy trying to finalize details in an attempt to make his deadline.

Mike proudly rattled off some of the eclectic mix of shows Bethel Woods has featured over the past two summers—performers ranging from Bob Dylan, Crosby, Stills & Nash and Brad Paisley to jazz legend Dave Brubeck and the New York Philharmonic.



M.C. Antil

He also waxed eloquent about the recent show put on by former Levon Helm, the former drummer of the Band who for years has lived just down the road from Bethel.

In addition to his five desert island discs, what I wanted to know from Mike is why I continue to see him at trade events like the NCTA's Cable Show and the CTAM Summit.

He told me that not only will he go back to consulting with his handful of MSO clients after the Museum at Bethel Woods opens, but that his many cable contacts have been instrumental in helping piece together the legacy of Woodstock and the sixties.

In particular, Mike wooed two old and dear friends of mine, A&E's Libby O'Connell—whose History Channel produced a compelling show for the museum—and Warner Brothers Entertainment cable distribution guru Eric Frankel, who ran interference for Mike as he sought to license hours of original and largely unseen concert footage.

Besides, he told me, there's one overriding reason he still goes to cable shows and will continue to do so for as long as he can. Mike Egan is a cable guy.

"Hey, I'm never going to be far from the industry," he told me. "Cable's in my blood."

And as for his five discs... As Egan's ship was sinking, this is what you might find stuffed under his belt as he swam toward the island in the horizon:

"Pet Sounds" by the Beach Boys...

The Beatles' "Sgt. Pepper's Lonely Hearts Club Band"...

"Songs for Swingin' Lovers" by Frank Sinatra...

Van Morrison's "Moondance"...

And his unexpected sleeper pick (which edged out "Born to Run" by Bruce Springsteen and the Grateful Dead's "American Beauty"): "After Midnight" by the Nat King Cole Trio.

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# WANT SOME PERSPECTIVE?

CABLE  NET