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July 19, 2013

Ms. Mary Jo Kunkle  
Executive Secretary  
Michigan Public Service Commission  
6545 Mercantile Way  
P.O. Box 30221  
Lansing, Michigan 48909-7721

Dear Ms. Kunkle:

Michigan Bell Telephone Company, doing business as AT&T Michigan ("AT&T"), submits its Sixth Annual Video Report to the Michigan Public Service Commission ("MPSC") and franchising entities in the State of Michigan regarding its deployment progress, as required by Michigan's Uniform Video Services Local Franchise Act (2006 Public Act 480, as amended) or "Video Act". AT&T is separately providing a copy to each Clerk in the Michigan Communities where AT&T has launched its U-verse<sup>SM</sup> TV service.

If you have any questions, please contact me on (313) 223-7171 or Yvette Collins on (517) 334-3708.

Sincerely,

A handwritten signature in blue ink, appearing to be "James Murray".

Enclosures

cc: Clerks in Franchised Communities  
Ms. Susan Corbin, Michigan Public Service Commission Staff  
Ms. Christina Forist, Michigan Public Service Commission Staff  
Ms. Yvette Collins, AT&T



**6th Annual**



**AT&T Michigan**  
**Annual Video Report**

July 19, 2013

**STATUS OF AT&T'S VIDEO SERVICE DEPLOYMENT IN MICHIGAN**

Michigan Bell Telephone Company, doing business as AT&T Michigan ("AT&T"), submits its Sixth Annual Video Report to the Michigan Public Service Commission ("MPSC" or "Commission") and franchising entities in the State of Michigan regarding its deployment progress, as required by Michigan's Uniform Video Services Local Franchise Act (2006 Public Act 480, as amended) or "Video Act".<sup>1</sup>

On January 1, 2007, Michigan's Video Act became effective. On January 31, 2007, as required by the Video Act, the MPSC approved the standardized form for the uniform video service local franchise agreement as developed by the MPSC Staff after soliciting input from all interested parties.

In March of 2007, AT&T began submitting franchise agreements in accordance with the Video Act to local governments, using the form approved by the MPSC. After these initial agreements became effective, AT&T launched its Internet Protocol TV (IPTV) service called AT&T U-verse® TV on May 21, 2007 in parts of over 50 communities in the Detroit and Ann Arbor areas. AT&T has now obtained franchise agreements, and launched its U-verse TV in 262 communities.

AT&T U-verse has been well-received by residents and consumers across the country and has received industry acclaim for service excellence and innovation, which echoes the positive feedback from our subscribers.

- \* AT&T was recognized for advances in innovation with a Gold 2013 Edison Award™ for the U-verse Easy Remote app. The Edison Awards are among the most prestigious accolades honoring excellence in new product and service development, marketing, human-centered design and innovations. The U-Verse Easy Remote App is an intuitive and innovative app that enables customers to easily turn their compatible device into a U-verse remote control with voice control functionality, as a design with accessibility in mind. The app enhances the U-verse TV experience for users who may be vision or hearing impaired by offering a tool that recognizes gesture and speech recognition.
- \* AT&T was named the Frost & Sullivan's 2013 Video Company of the Year. AT&T was selected due to excellence in customer value, innovation and growth. As a leading analyst firm, Frost & Sullivan analyzes new market research and growth opportunities in the technology industry.

As a provider of over 1 million telecommunications access lines in Michigan, AT&T is required under the Video Act to provide access to its video service to a number of households equal to at least 25% of the households in AT&T's telecommunications service area within three years of the date AT&T began offering video service. Additional levels of deployment may become applicable within 6 years, but only if certain percentages of households with access consistently subscribe to the provider's video service.<sup>2</sup>

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<sup>1</sup> See Section 9(4) of the Video Act: "Each provider shall file an annual report with the franchising entity and the commission regarding the progress that has been made toward compliance..."

<sup>2</sup> See Section 9. (3) of the Video Act: "If a video service provider is using telecommunication facilities to provide video services and has more than 1,000,000 telecommunication access lines in this state, the provider shall provide access to its video service to a number of households equal to at least 25% of the households in the provider's telecommunication service area in the state within 3 years of the date it began providing video service under this act and to a number not less than 50% of these households within 6 years. A video service provider is not required to meet the 50% requirement in this subsection until 2 years after at least 30% of the households with access to the provider's video service subscribe to the service for 6 consecutive months."

AT&T recently completed its sixth year of providing video service in the state, and the progress of the deployment of the service to date has been significant. In Michigan, AT&T currently provides access to its video service to over 47% of the households in its telecommunications service area (however, AT&T's subscription rate is less than 30%). Of these households with access to AT&T's video service in Michigan, over 30% are low-income households as defined by the Video Act. AT&T does not deny access to service to any group of potential residential subscribers because of race or income.

Since its launch in 2007 through the end of the 1<sup>st</sup> quarter of 2013, AT&T has paid over \$71 million to the local governments made up of \$55 million in video franchise fees and \$16 million in public, education and government (PEG) fees.

- In its Status of Competition for Video Services in Michigan Report published on February 1, 2013, MPSC Chairman John D. Quackenbush noted that "Michigan continues to see signs of progress in video/cable competition," in the MPSC's press release issued with the report. According to Chairman Quackenbush, "The state now has 47 cable providers compared to only 39 cable in 2008. That's good news for the state's 2.3 million video/cable customers."
- The Commission is given the authority to order remedies and penalties for violations of the Act. In 2012, the Commission did not have a reason to exercise its authority to order remedies and penalties for violations of the Act.

#### **AT&T'S INVESTMENT IN MICHIGAN'S WORKFORCE AND INFRASTRUCTURE**

AT&T invests billions to build the advanced networks that create jobs and fuel economic growth. From 2009 through 2011, AT&T invested more than \$1.5 billion in its Michigan wireless and wireline networks.

AT&T invests significant resources to advance education, strengthen communities and improve lives. Through philanthropic initiatives and collaboration, AT&T and the AT&T Foundation support projects that create opportunities and address the needs of the communities it serves. In Michigan from 2008 through 2011, AT&T and its employees contributed approximately \$17.4 million through corporate, employee and AT&T Foundation giving programs.

AT&T's payroll in Michigan represented more than \$739 million in 2011, and as of May 2012, AT&T operated 68 company-owned retail locations throughout the state. In 2011, AT&T's operations in Michigan generated more than \$287 million in local and state taxes.

AT&T spent more than \$217 million on goods and services purchased from Michigan based suppliers in 2011.

Since the passage of Michigan's Video Act, the Company continues to fill high-tech positions across the State. In addition, Michigan is the home to a large AT&T U-verse dispatch center that serves 21 additional states within the footprint of AT&T.

#### **AT&T'S U-verse® TV PRODUCT**

AT&T's U-verse TV network architecture and technology is fundamentally different from a legacy cable TV system. AT&T's U-verse TV is Internet Protocol TV (IPTV), which is based on the common language of the Internet. AT&T is the only nationwide provider to offer a 100% IP-based television

service, giving U-verse a significant advantage over older, cable-based platforms. AT&T is utilizing the U-verse IP technology to deliver more integration, more convenience and more value to its customers. AT&T's U-verse is building a network for the future, bringing fiber closer to customers' homes using fiber-to-the-node and fiber-to-the-premises technologies.

Today, U-verse is positioned to deliver the ideal combination of real-time, high-quality content and the on-demand and interactive content that IPTV makes possible. Customers are enjoying many benefits of the platform, like Total Home DVR<sup>3</sup> and multi-screen<sup>4</sup> content. In addition, AT&T extends its U-verse TV brand across screens with U-verse® Online.

Over the last four years AT&T has highlighted in this Annual Video Report the many enhancements made to the U-verse TV service. Since the issuance of last year's Annual Video Report, AT&T announced several recent updates to U-verse TV innovative features and offerings, including:

- \* Michigan U-verse TV customers can enjoy access to more than 180 HD channels. All U-verse customers receive HD-ready equipment, and most packages include an HD-ready DVR.
- \* U-verse is mobilizing everything about the TV experience by making U-verse available on more than 20 select devices at no extra charge. TV shows can be viewed and scheduled from smartphones, and with Uverse.com, customers can watch more than 300,000 TV shows, movies, sports and more, all online at no extra charge. Customers can also set DVR recordings right from their local TV listings, find out what's new on U-verse TV, and even watch LIVE news, sports, and family networks online.
- \* AT&T's deployment of Public, Educational, and Government (PEG) continues. We work closely with all communities who have requested AT&T to carry their PEG programming. There are 63 communities across Michigan that have partnered with AT&T for PEG implementation, up 2 from the 61 communities last year at this time. These 63 communities provide 79 channels of PEG programming via AT&T.

AT&T's U-verse offers multiple combinations of TV, Internet and Voice packages to customize the customer's experience. U-verse TV offers several programming packages including U-basic, U-100, U-200, U-200 Latino, U-300 and U-450 packages, plus U-family, a market-leading family-friendly programming option. The customer may choose from a variety of subscription options that feature a wide variety of channels, including music, local, movie and sports programming, as well as premium Spanish-language and international packages.

All packages include high definition or HD-capable equipment, and most packages include an HD digital video recorder (DVR), easy to use parental controls, built-in picture-in-picture, video on demand, games like sudoku and solitaire. In addition, customers may use the voice mail viewer, weather on

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<sup>3</sup> Total Home DVR (Digital Video Recorder). See: <http://www.att.com/u-verse/explore/total-home-dvr.jsp> for more details. An AT&T U-verse customer can record 4 shows at once on a single DVR, record and play back shows from any room in the home, pause a recorded show in one room and pick it up in another and program the DVR remotely from the computer or wireless phone.

<sup>4</sup> See: <http://www.att.com/u-verse/explore/multiview-landing.jsp#fbid=xR4vb9Z0oxH> for more details. This innovative feature allows the viewer to track four shows all at one time, on one screen. A customer may access Multiviews for Sports, News and Kids, etc., depending upon the programming purchased.



demand, caller id and message waiting indicator, YP.COM or YELLOWPAGES.COM search and the U-bar. For a summary of all of the interactive applications, go to:

<http://www.att.com/u-verse/explore/uverse-applications.jsp?wtSlotClick=1-0047WP-0-4#fbid=xR4vb9Z0oxH>

### **COMPETITION CONTINUES TO GROW**

Video competition is vibrant as a result of the Michigan Video Act that opened the doors to video choice for consumers and encourages investment in communities and jobs for the state. AT&T is building its IPTV network to serve even more customers. AT&T is expanding U-verse TV services on an ongoing basis and will continue to take advantage of our IP platform by rolling out new enhancements to customers. There is better service, better products and competitive pricing, all welcomed by consumers. Nationally, at the close of the 1<sup>st</sup> quarter 2013, AT&T had over 4.8 million AT&T U-verse TV customers

On February 1, 2013, the Commission issued its 6<sup>th</sup> annual report, Status of Competition for Video Services in Michigan to the Governor and the Legislature in accordance with the Video Act. In the highlights of the report it is noted that the video market in Michigan saw an increase in subscribership, as well as the addition of one new provider.

In the Status of Competition for Video Services report, forty-seven providers reported offering video services in Michigan with more than 2.3 million video/cable customers. Providers reported investing over \$380M dollars into the Michigan market in 2012.

### **ADDITIONAL AT&T U-verse® TV INFORMATION**

For additional information on AT&T U-verse TV, to see a demonstration of how it works or to see the popular bundles, visit the website below. Customers may also call 800-ATT-2020 or visit a local AT&T location in Michigan.

<http://www.att.com/u-verse/>

Customers may find the following AT&T websites helpful for further information regarding channel line up, availability of AT&T U-verse TV or to check the status of their installation or repair order:

- \* AT&T U-verse TV channel line up:

<http://www.att.com/u-verse/shop/channel-lineup.jsp>

- \* AT&T U-verse TV availability:

<http://www.att.com/u-verse/availability/>

- \* U-verse TV Customers have the ability to check status of their installation or repair order via an online tool called, "Where's My Tech" at:

<http://www.att.com/u-verse/appointmentstatus/>