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July 15, 2016

Ms. Kavita Kale
Executive Secretary
Michigan Public Service Commission
PO Box 30221
Lansing, MI 48909

Dear Ms. Kale:

Michigan Bell Telephone Company, doing business as AT&T Michigan ("AT&T"), submits its Ninth 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-verseSM TV service.

If you have any questions, please contact me on (517) 334-3400 or Yvette Collins on (517) 334-3708.

Sincerely,



Jim Murray
President
AT&T Michigan

Enclosures

cc: Clerks in Franchised Communities
Ms. Robin Ancona, Michigan Public Service Commission Staff
Mr. Ryan McAnany, Michigan Public Service Commission Staff
Ms. Yvette Collins, AT&T Michigan



9th Annual

AT&T Michigan

Annual Video Report

July 15, 2016

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

Michigan Bell Telephone Company, doing business as AT&T Michigan ("AT&T"), submits its Ninth 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".¹

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 has launched its U-verse TV in 340 communities.

Section 9(2)(b) of the Video Act provides that it is a defense to an alleged violation of Section 9(1) of the Video Act if a provider has met either of two conditions: (1) within 3 years at least 25% of households with access to the provider's video service are low-income households; or (2) within 6 years and from that point forward at least 30% of households with access to the provider's video service are low-income households. AT&T has met both conditions.²

With respect to Section 9(3) of the Video Act: (1) AT&T provided access to its video service to over 50% of the households in its telecommunications service area within 6 years of the date it began providing video service, and (2) AT&T Michigan no longer has more than 1,000,000 telecommunications access lines in the state.³

AT&T recently completed its ninth year of providing video service in the state, and the deployment of the service has been significant. In Michigan, AT&T currently provides access to its video service to over 50% 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 35% 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.

¹ 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..."

² See Section 9 (2) of the Video Act: "It is a defense to an alleged violation of subsection (1) if the provider has met either of the following conditions: (a) Within 3 years of the date it began providing video service under this act, at least 25% of households with access to the provider's video service are low-income households. (b) Within 5 years of the date it began providing video service under this act and from that point forward, at least 30% of the households with access to the provider's video service are low-income households."

³ "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."

Since its launch in 2007 through the end of the 1st quarter of 2016, AT&T has paid more than \$148 million to the local governments, made up of \$115 million in video franchise fees and \$33 million in public, education and government (PEG) fees.

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 2013 through 2015, AT&T invested nearly \$1.65 billion in its Michigan wireless and wireline networks.

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. IP gives U-verse a significant advantage over older, cable-based platforms.

U-verse delivers both real-time video programming and on-demand and interactive content that IPTV makes possible. Customers are enjoying many benefits of the platform, like Total Home DVR³ and multi-screen⁴ content. In addition, AT&T extends its U-verse TV brand across screens with Uverse.com and the U-verse App for smartphones and tablets.

Here are some highlights of latest U-verse TV offerings:

- Michigan U-verse TV customers can enjoy access to more than 245 HD channels. U-verse customers can receive HD-ready equipment, according to their package, and most packages include an HD-ready DVR.
- Customers can use the U-verse App on numerous devices, including wearables. Michigan customers can watch more than 255 live channels inside the home and more than 215 live channels outside the home.
- AT&T's deployment of Public, Educational, and Government (PEG) continues. AT&T works closely with all communities who have requested AT&T to carry their PEG programming on U-verse TV.

³ 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.

⁴ See: <http://www.att.com/esupport/article.jsp?sid=KB402261&cv=813> 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.

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-200, U-200 Latino, U-300, U-300 Latino, U-450, and U-450 Latino packages, plus U-family, a 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 of these 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. For a summary of all of the interactive applications, go to:

uverse.com/apps

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.

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

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

- AT&T U-verse TV channel lineup:

<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 at:

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