



Jim Murray
President
AT&T Michigan
221 N. Washington Square
Lansing, MI 48833
Office: (517) 334-3400
Fax: (517) 334-3429

July 17, 2015

**ANN ARBOR
CITY CLERK**

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TIME: _____

Ms. Mary Jo Kunkle
Executive Secretary
Michigan Public Service Commission
PO Box 30221
Lansing, MI 48909

Dear Ms. Kunkle:

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

A handwritten signature in black ink, appearing to be "Jim Murray", written over the word "Sincerely,".

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 Michigan



8th Annual



AT&T Michigan
Annual Video Report

July 17, 2015

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

Michigan Bell Telephone Company, doing business as AT&T Michigan ("AT&T"), submits its Eighth 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 323 communities.

Section 9 (3) of the Video Act requires certain providers to provide access to video service to a number of households equal to at least 25% of the households in a telecommunication provider's service area within three years of the date that it begins 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.²

AT&T recently completed its eighth 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 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.

Since its launch in 2007 through the end of the 1st quarter of 2015, AT&T has paid more than \$119 million to the local governments, made up of \$92 million in video franchise fees and \$27 million in public, education and government (PEG) fees.

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. (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'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 2012 through 2014, AT&T invested more than \$1.7 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. AT&T is utilizing the U-verse IP technology to deliver more integration, more convenience and more value to its customers.

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 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.

Over the 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 various updates to U-verse TV innovative features and offerings, including:

- Michigan U-verse TV customers can enjoy access to more than 200 HD channels. All U-verse customers receive HD-ready equipment, and most packages include an HD-ready DVR.
- AT&T made multiple enhancements to its U-verse App, making it available on even more devices, including a wearable. Michigan customers can watch more than 230 live channels inside the home and more than 170 live channels outside the home. The U-verse App has more live channels available outside the home than any cable TV provider.
- 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 65 communities across Michigan that have partnered with AT&T for PEG implementation. These 65 communities provide 82 channels of PEG programming via AT&T.

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 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 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 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>