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DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
PUBLIC SERVICE COMMISSION

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February 1, 2013

Honorable Rick Snyder
Governor of Michigan

Honorable Members of the Senate
Secretary of the Senate

Honorable Members of the House of Representatives
Clerk of the House of Representatives

The enclosed annual report, *Status of Competition for Video Services in Michigan*, is submitted on behalf of the Michigan Public Service Commission (Commission) in accordance with Section 12(2) of the Uniform Video Services Local Franchise Act (2006 PA 480, the Act). This report will be made available on the Commission's website at michigan.gov/mpsc. The purpose of this report is to describe the status of competition for video/cable services in Michigan. This report also details Commission activities for 2012 and provides an overview of the survey responses from franchise entities and video/cable service providers.

There are now 47 cable providers offering service to 2.3 million video/cable customers in Michigan. In 2008 only 39 providers were offering service to 2.3 million customers. Such growth in the amount of providers offering service is an encouraging sign that competition in the video/cable market is increasing in Michigan. Providers are continuing to report more competition in their franchise areas and one new cable provider entered the market in 2012. Over the course of the 2012 calendar year, video/cable providers reported they have invested \$380,064,130 into the Michigan market.

It is important to understand that video/cable competition and the entrance of new providers will continue to take time to develop fully. Similar to previous reports, it is noted that the Act does not cover satellite providers and as such this report does not include information on satellite providers which are viewed as a competitor to video/cable service providers.

The Commission also provides recommendations for legislative revisions pursuant to Section 12(2) of 2006 PA 480 to help improve the Commission's ability to more effectively implement provisions of the Act.

The Commission will continue to monitor the status of video/cable services competition in Michigan, which includes receiving and analyzing information from both franchise entities and video/cable service providers throughout Michigan. The Commission will also continue to assist individual customers, franchise entities, and providers with their questions and/or complaints. Finally, the Commission will inform the Governor and Legislature of any future developments and make the appropriate recommendations for needed legislation.

Sincerely,

John D. Quackenbush, Chairman
Michigan Public Service Commission

Orjiakor N. Isiogu, Commissioner
Michigan Public Service Commission

Greg R. White, Commissioner
Michigan Public Service Commission