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February 1, 2012

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](http://michigan.gov/mpsc). The purpose of this report is to describe the status of competition for video services in Michigan. This report also details Commission activities for 2011 and provides an overview of the survey responses from franchise entities and video/cable service providers.

The video/cable market in Michigan saw a slight increase in subscribers in 2011. This may seem insignificant, but on the national level eight out of the top nine cable providers reported losses of 195,700 total subscribers. Instead of following the national trend, Michigan's cable industry is showing positive signs of growth during a difficult economy that is claiming subscribers on the national level. There continue to be additional encouraging signs that competition in the video services market is increasing in Michigan. Providers are continuing to report more competition in their franchise areas, and three new cable providers entered the market in 2011. In addition, video/cable providers report that they have invested over \$400 million into the Michigan market incrementally in 2011.

It is important to understand that video/cable competition and the entrance of new providers will continue to take time to develop fully. Some areas reported having no video/cable provider or only one; however, one less municipality reported having no video/cable provider. The information provided in this report represents a positive sign that competition is developing in communities throughout Michigan.

Similar to previous years' 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 may

February 1, 2012

Page 2

be viewed as a competitor to video service. Attempts have been made at gathering data and information about satellite television information with limited success.

The Commission also provided 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 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

# **STATUS OF COMPETITION FOR VIDEO SERVICES IN MICHIGAN**

**John D. Quackenbush, Chairman  
Orjiakor N. Isiogu, Commissioner  
Greg R. White, Commissioner**

**MICHIGAN PUBLIC SERVICE COMMISSION**  
Department of Licensing and Regulatory Affairs  
In compliance with Public Act 480 of 2006

February 1, 2012



# Table of Contents

	<b>Page</b>
Introduction .....	1
I. Responsibilities and Activities of the Commission .....	1
A. Statutory Responsibilities .....	2
B. Outreach.....	3
C. Complaint/Inquiry Handling .....	4
1. Informal/Formal Customer Complaints .....	4
II. 2011 Commission Survey to Franchise Entities and Providers .....	7
A. Franchise Entities' Responses to the Commission Survey .....	7
1. Provider Information.....	8
2. Complaints .....	9
3. Impact of the Video Franchise Act on Communities .....	10
4. Changes in Quality of Service and/or Service Offerings of Providers .....	11
5. Franchise Entities' Suggestions or Comments .....	12
B. Providers' Responses to the Commission Survey .....	13
1. Video/Cable Subscribers.....	14
2. Video/Cable Competition .....	15
3. Disputes.....	16
4. Investment in Michigan .....	16
III. Recommendations .....	17
IV. Conclusion .....	18

## **Introduction**

On January 1, 2007, the Uniform Video Services Local Franchise Act (hereinafter referred to as “2006 PA 480” or the “Act”) became effective. Section 12(2) of the Act states:

The commission shall file a report with the governor and legislature by February 1 of each year that shall include information on the status of competition for video services in this state and recommendations for any needed legislation. A video service provider shall submit to the commission any information requested by the commission necessary for the preparation of the annual report required under this subsection. The obligation of a video service provider under this subsection is limited to the submission of information generated or gathered in the normal course of business.

This Act directs the Michigan Public Service Commission (Commission) to provide information regarding the status of competition for video services in Michigan, as well as any recommendations for needed legislation to the Governor and Legislature, by February 1 of each year. For the fifth year, the Commission has gathered information regarding the status of competition for video services by developing electronic surveys for use by municipalities and video/cable service providers throughout Michigan. The surveys, as well as the information collected from the surveys, are explained in further detail within the body of this report.

In addition to the survey information, this report provides a brief description of the Commission’s role as it pertains to the Act, as well as the Commission’s video franchise activities (including complaint handling) over the past year. This report also includes information relating to broadband mapping, recommendations for legislative changes, and the Commission’s conclusion on the status of video competition for 2011.

### **I. Responsibilities and Activities of the Commission**

This section provides an overview and analysis of the responsibilities and activities of the Commission since the Act became effective, and more specifically, over the course of the 2011

calendar year. These responsibilities and activities have been divided into the following categories: Statutory Responsibilities, Outreach and Complaint Handling.

**A. Statutory Responsibilities**

The Act became effective on January 1, 2007. The Commission established a statewide uniform standardized form to be used by both video/cable service providers (providers) and franchise entities pursuant to Section 2(1) of the Act. The Uniform Video Service Local Franchise Agreement (Agreement) was formally approved on January 30, 2007 by the Commission in Case No. U-15169. The Agreement can be found on the Video/Cable Section of the Commission's website.<sup>1</sup>

The Act required the Commission to develop a proposed dispute resolution process which was submitted to the Legislature in compliance with Section 10(3) of the Act. Public Act 4 of 2009 established the video dispute resolution process. The Commission has been using this process for the following types of complaints: customer vs. provider; franchise entity vs. provider; and provider vs. provider.

The Act provides that the Commission shall receive and rule on waiver requests from providers for an extension to requirements in Section 9 of the Act (deployment of services) and monitor the providers' adherence to their progress for compliance through annual reports. The Commission has not received any such waiver requests.

Lastly, the Commission is given the authority to order remedies and penalties for violations of the Act. The Commission did not have a reason to exercise its authority to order remedies and penalties for violations of the Act in 2011.

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<sup>1</sup> The Agreement, as well as the Act, can be located at: [michigan.gov/mpsc/0,1607,7-159-49641---,00.html](http://michigan.gov/mpsc/0,1607,7-159-49641---,00.html).

## **B. Outreach**

The Commission continues to actively participate in speaking events that provide an opportunity to educate and inform Michigan consumers and other interested parties. Throughout the year, Commission Staff participated in a number of community outreach initiatives through company-sponsored Customer Assistance Days, non-profit and state-sponsored events. The Commission continues to reach out to the video/cable customers through their own Consumer Forums.<sup>2</sup> In addition, the Commission sent its Video Franchise Consumer Tips to more than 1,700 municipalities throughout Michigan.<sup>3</sup> The Consumer Tips help educate and inform video customers on the complaint process, as well as how to file a video/cable television complaint. In the third quarter of 2011, the video franchise toll-free number was consolidated with the Commission's hotline used for energy and telecommunication complaints. Customers can utilize the same toll-free number for all industries. A notice was sent to all municipalities and cable providers in the state of Michigan informing them of the number change.

Updates and enhancements are continually being made to the Commission's video franchise website.<sup>4</sup> For example, any interested party can go to the video franchise website and print the formal complaint form for complaints that are not successfully resolved via the informal complaint process. One new addition to the website is a list of all video/cable providers operating in Michigan. This list was generated to assist current and/or new customers seeking contact information for video/cable providers in their respective area. There is also a link on the video franchise website to Michigan's Interactive Broadband Map<sup>5</sup> that allows users to see if

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<sup>2</sup> In September and October 2011, the Commissioners and Staff attended Consumer Forums in Ontonagon, Gladstone, Grayling, Lansing, Grand Haven, Hamtramck, and Ypsilanti.

<sup>3</sup> The Consumer Tips fact sheet was sent on October 28, 2011 to every municipality throughout Michigan along with the annual survey notification letter with a request to be shared with the respective community.

<sup>4</sup> [michigan.gov/mpsc/0,1607,7-159-49641---,00.html](http://michigan.gov/mpsc/0,1607,7-159-49641---,00.html)

<sup>5</sup> [connectmi.org/](http://connectmi.org/)

Internet service – including Internet service offered by video/cable – is available in a particular area,<sup>6</sup> and which providers are offering those services.

### **C. Complaint/Inquiry Handling**

Complaints and inquiries are received on the Commission’s toll-free and general telephone lines, through the Commission’s website, fax, mail, and from customers who walk into one of the Commission’s temporary offices. The video franchising section also assists customers who have contacted the Governor’s office, legislative staff, the Department Director’s office and other state agencies with video/cable complaints and inquiries. Calls relating to video/cable are forwarded directly to the appropriate Commission Staff. A customer record is created for each customer complaint and/or inquiry. The Commission follows the dispute resolution process as set forth in Public Act 4 of 2009.

#### **1. Informal/Formal Customer Complaints**

Overall, the number of customer complaints and inquiries decreased from last year. The Commission continues to assist customers on a variety of issues regarding billing problems; service outages; customer service; missed appointments; delayed service; rates/fees; channel line-up concerns; video/cable competition; equipment/cable line problems; and Public, Education, and Government (PEG) programming complaints. In most circumstances, the Commission has been able to informally resolve such problems with the provider. When

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<sup>6</sup> The map provides broadband internet information from participating providers. Since providers continually expand and enhance their infrastructure, consumers should contact the potential provider for assurance that service is available and can be offered.



informal resolution is unsuccessful, the Commission is empowered by the Act to take formal action against companies that may not be in compliance. The Commission did not address any formal complaint cases in 2011.

The Commission received 757 customer complaints and inquiries in the video franchise area from January 1, 2011 to December 31, 2011, which is a 30 percent decrease from the 2010 total of 1,074 complaints (54 percent via telephone, 29 percent via the website, 17 percent other).

Figure 1 below shows the number of complaints and inquiries filed at the Commission over the past five years (2007 – 2011):

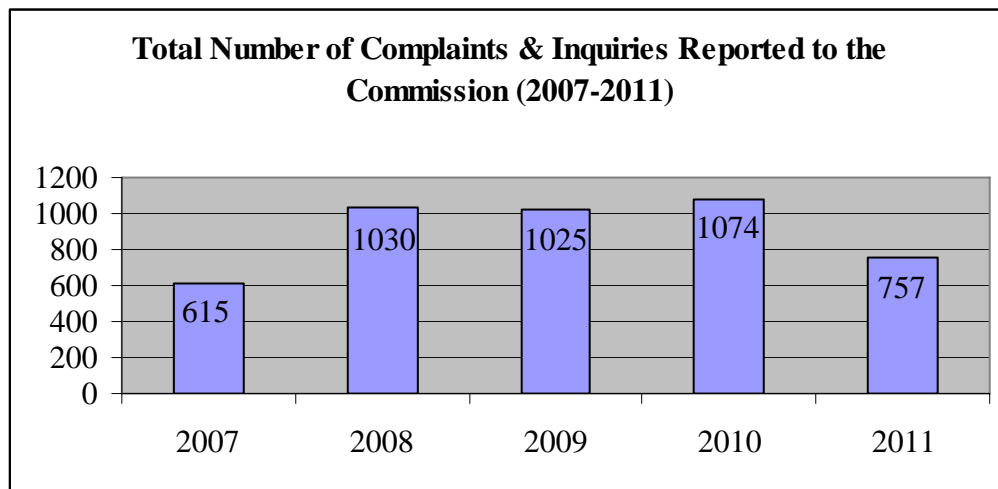


Figure 1  
Source: MPSC Complaint Data

The 757 complaints and inquiries are those that are fully documented and reported to the Commission and do not include calls where customers were not willing to provide their name and contact information. Follow-up calls and the reopening of complaints are not documented as new complaints unless the complaint consists of a different problem than originally reported by the customer.

As previously stated, the Commission assisted video/cable customers with a number of issues. Figure 2 provides a listing of the four most common types of video/cable complaints filed with the Commission in 2011:

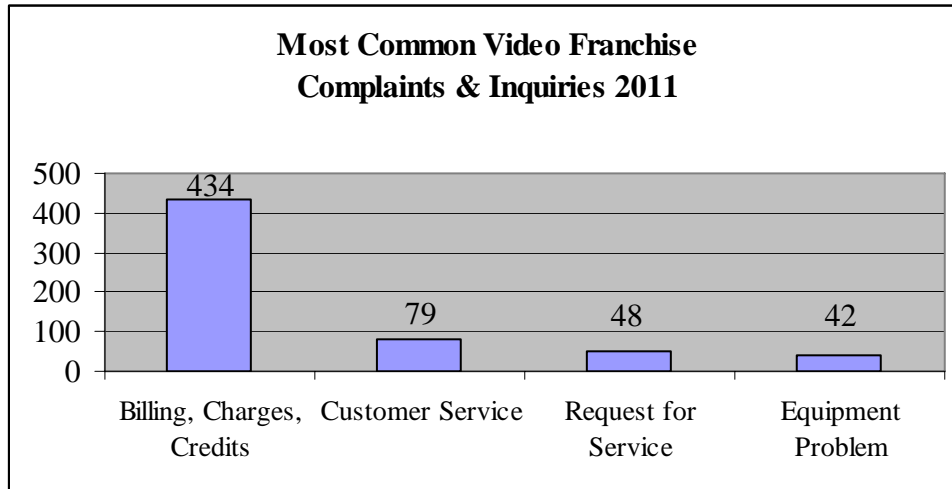


Figure 2  
Source: MPSC Complaint Data

The four most frequent complaint categories are: “Billing, Charges, and Credits;” “Customer Service;” “Request for Service;” and “Equipment Service Problems.” Due to a higher volume of calls (48), the “Request for Service” category was created, which demonstrates that people are more actively requesting a desired cable company. This is a positive sign in the cable television market in the state of Michigan.

As in past years, the Commission receives video/cable complaints from customers of numerous providers.<sup>7</sup> In comparison to the previous year, the three providers with the most complaints and inquiries filed with the Commission remained unchanged: Comcast (54 percent),

<sup>7</sup> Commission Staff received customer complaints throughout 2011 regarding 10 different cable providers.

Charter (20 percent), and AT&T Michigan (12 percent).<sup>8</sup> The total number of complaints compared to the overall number of video/cable subscribers in Michigan remains low.<sup>9</sup>

## **II. 2011 Commission Survey to Franchise Entities and Providers**

As in the past, the Commission developed an electronic survey to be completed by franchise entities, as well as a separate survey to be completed by providers.

### **A. Franchise Entities' Responses to the Commission Survey**

As in prior years, the Commission made available on its website the online survey form for municipalities to complete. The online survey was available November 1 – November 30, 2011. Although the franchise entity survey is not mandatory and not required by the Act, the Commission believes it is important to continue to collect information from municipalities from all across Michigan regarding the video/cable environment in their communities. Notification letters were sent to over 1,700 municipalities throughout Michigan, making them aware of the location and availability of the survey, and encouraging the communities to respond to the survey. The Commission also included its video franchise Consumer Tips fact sheet that describes the dispute process for customers to file a video/cable complaint.

Of the more than 1,700 municipalities that the survey notification letters were sent to, 278 communities responded. This is a decrease of 15 communities when compared to 2010. The information provides useful insight as to what is occurring in some communities throughout Michigan regarding video/cable service and competition. The Commission believes it is

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<sup>8</sup> Since these three companies have the most subscribers in Michigan, it is not unusual that they have the most complaints and inquiries filed with the Commission.

<sup>9</sup> In 2011, there were 2,314,081 cable/video subscribers reported in Michigan. This number does not include satellite subscribers.

important to include this information in this report; however, the responses do not necessarily reflect the opinion of the Commission.

### 1. Provider Information

Communities provided information regarding the number of providers that existed in their communities prior to the Act taking effect (January 1, 2007), as well as the number of providers currently offering television service in their communities since the Act took effect:

	Prior to 01/01/2007	As of 12/31/2011
Number of Providers	Number of Communities	Number of Communities
0	19	19
1	214	172
2	38	69
3	3	14
4	1	1

Figure 3  
Source: MPSC Franchise Entity Survey

In 2011, municipalities have once again indicated an increase (since the Act took effect) in the number of communities where two or more providers currently offer cable service.<sup>10</sup> While communities with only one provider have gone down, numbers representing municipalities with two and three providers has gone up. The chart demonstrates that some municipalities that reported one provider have now reported two or more providers. Since the Act took effect the amount of communities reporting two or more providers has more than doubled.

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<sup>10</sup> It is important to note that the communities who responded this year are not necessarily the same communities who responded in previous years. Therefore, it is difficult to do a yearly comparison when inconsistencies exist among the municipality responses. This response rate represents approximately 16 percent of all of Michigan’s municipalities.

With the number of providers in municipalities increasing slightly overall since the Act took effect, the mix of communities with a greater number of providers shows that competitive choices are becoming available. Also, while satellite providers do not have franchise agreements and do not fall within the Act, the Commission asked municipalities about the availability of satellite providers in their communities. Overall, 93 percent of communities stated that they have at least one satellite provider offering service in their community. Out of the 278 responding municipalities, 84 percent stated that both DirecTV and Dish Network are available.

## **2. Complaints**

Of those municipalities that responded to the survey regarding customer complaints, 68 percent indicated they no longer take video/cable complaints in their offices. This is an 11 percent increase compared to the 57 percent that reported not taking complaints in 2010. Even though the Commission has informed municipalities of Public Act 4 of 2009, only 46 percent of the respondents were specifically aware of Public Act 4 of 2009. However, 68 percent are aware the Commission can assist customers, franchise entities, and providers who have video/cable questions and/or problems.

The most frequent complaints received by municipalities are as follows (from most to least):

1. Customer Service
2. Service Equipment Issues
3. Rates<sup>11</sup>
4. Billing Issues
5. Other<sup>12</sup>

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<sup>11</sup> Pursuant to Public Act 480 of 2006, neither the Commission, nor the franchise entity has rate regulatory authority or control over a provider. The Commission does not regulate video/cable rates.

<sup>12</sup> The complaints that were combined in the “Other” category were less frequent, but nonetheless, still reported. Some of those complaints include: Availability/No Service, Channel line-up/Programming, Lack of Competition/Monopoly, Unburied Cable, PEG issues, Maintenance Issue, and No Local Facility.

In 2011, 94 percent of respondents indicated they have not had any form of dispute with their provider regarding their franchise agreement. Of those municipalities that had a dispute, the top three reasons for disputes were issues regarding: 1) PEG Fees / PEG Issues, 2) Agreement language, and 3) Franchise Fees.

### 3. Impact of the Video Franchise Act on Communities

Municipalities were surveyed on the impacts they have witnessed within their communities since the Act took effect. Similar to previous years, the impacts that were highlighted are: Video/Cable Competition, Franchise Fee Payments, PEG Fee Payments, Video/Cable Complaints, and Other. The communities provided the following information on the impact of the Act in their communities (Figure 4):

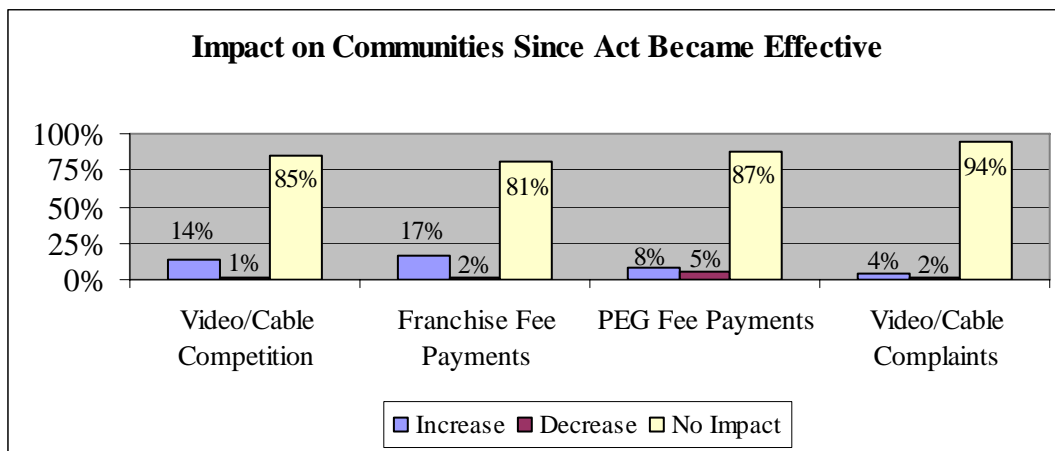


Figure 4  
Source: MPSC Franchise Entity Survey

Similar to previous years, the majority of the respondents have not seen an overall change in the impact on the communities.<sup>13</sup> For example, 85 percent of the reporting communities noted

<sup>13</sup> It is important to keep in mind that those communities who responded last year, are not necessarily the same communities that responded this year. Therefore, it is important to not make a direct comparison between the two and make the assumption that this is what is happening throughout the entire state.

that the Act had no impact on competition, while approximately 14 percent indicated they experienced an increase in competition and one percent reported they experienced a decrease.

#### 4. Changes in Quality of Service and/or Service Offerings of Providers

The Commission again asked the municipalities to report on the changes they perceive are occurring throughout their communities during 2011 regarding: Customer Service Quality, PEG Studio and Equipment, Service Offered by the Provider, and the Number of Customer Service Centers. Figure 5 reflects those responses from the municipalities:

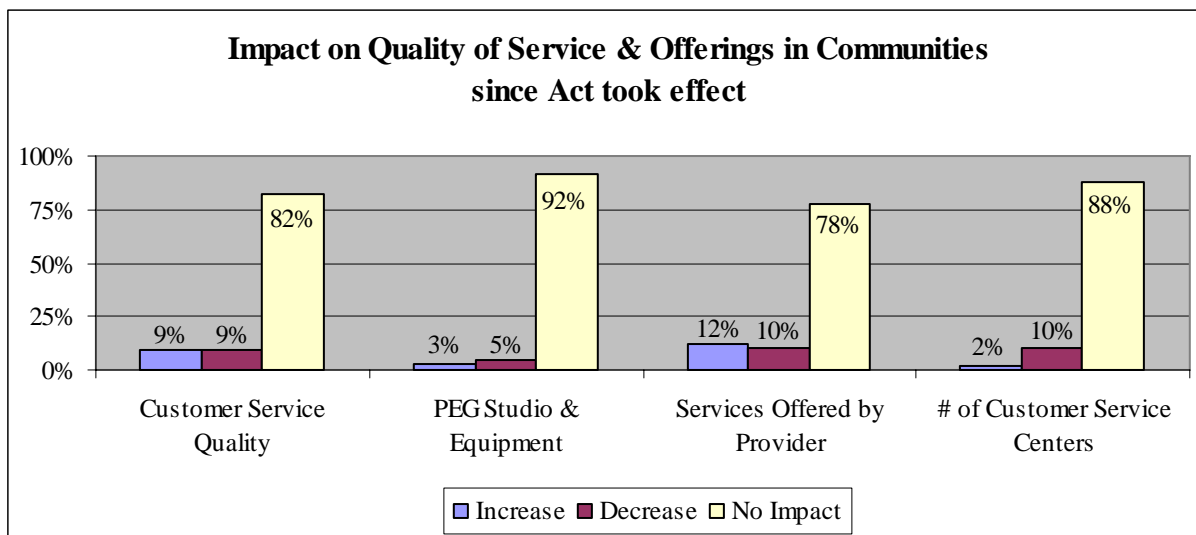


Figure 5  
Source: MPSC Franchise Entity Survey

On this chart for example, 78 percent of communities that responded reported that since the Act took effect there has been no change in the services offered by the provider, while 12 percent have reported an increase in services offered by the provider, and the remaining 10 percent have reported a decrease in services offered.

Overall, the vast majority of respondents have not seen any evident changes within their communities since the Act took effect. Much of the information is very similar to the data

reported last year in areas that would be beneficial for communities.<sup>14</sup> Such items include: Video/Cable competition, Franchise and PEG fees, and Services Offered by Provider.

Municipalities also provided feedback regarding the use of PEG channels. Based on the responses, 38 percent of municipalities indicated their community has a designated PEG channel.<sup>15</sup>

## **5. Franchise Entities' Suggestions or Comments**

Municipalities were provided the opportunity to offer any comments, recommendations, and/or suggestions.<sup>16</sup> The municipalities' comments are categorized as follows:

- **PEG**
  - Provider is not legitimately supplying PEG
  - PEG channels should be delivered to ALL subscribers, regardless of provider, with quality and functionality equivalent to the non-PEG channels
  - Unable to monitor our station
  - Require providers to supply data on subscriber numbers to allow substantiation of franchise/PEG fees
  - PA 480 should be amended to fulfill the promise to keep local government and local programming whole
  - Urge to have amendments passed to require carriage of PEG signals at no cost to franchising authority or subscriber
  - Provider is charging municipality installation of PEG
  
- **Requirements for Providers**
  - Larger expansion of cable offered to property owners
  - Lack of customer call centers
  - Require liability insurance and phone number for live Customer Service Representatives

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<sup>14</sup> It is important to remember that those communities who responded last year are not necessarily the same communities who responded this year, so direct comparisons should not be made. In addition, since a small percentage of communities responded to the survey, their responses should not be reflective of the entire state.

<sup>15</sup> Since a small percentage of municipalities responded to the survey, it should not be implied that the 38 percent is reflective of the entire state.

<sup>16</sup> These recommendations and suggestions are the sole opinion of some of the municipalities and do not necessarily reflect the views of the Commission.



- **Competition**
  - Additional cable providers to supply competitive pricing
  - Community requests to have competition and choice
  - Because of low population density, providers don't wish to extend further into rural communities
  
- **The Act**
  - PA 480 makes our municipality responsible for the costs associated with purchasing equipment
  - The Act seems to benefit cable providers more than municipalities
  - This is a horrible law for rural communities
  - The impact of this law continues to have a negative effect
  - There is a need for state intervention
  - PA 480 may have helped competition in suburban areas, but has hurt rural areas
  - There is no requirement or support for providing service in the lesser density areas
  - Amend Act to provide Local Franchise Agreements (LFA) with the opportunity to require a two percent PEG fee based upon the LFA's determination of need
  - Extend time period for review of franchise applications
  
- **Rates and Service Offerings**
  - Too costly to provide the services for TV and Internet
  - Increasing costs
  - Raising the price of leased equipment with no improvement/replacement
  - Lousy programming
  - Increased equipment rentals
  - Rates still increasing greater than inflation
  - Lower rates and more information sent out by mail
  - Quality of service has decreased as channels have been deleted
  
- **Misc**
  - We will keep the MPSC information on file for any complaints received.
  - We appreciated communications from the MPSC that keep us up to date.
  - Due to dial-up internet connection, it is very hard to do surveys online.

## **B. Providers' Responses to the Commission Survey**

In 2011, the Commission continued to use its electronic survey as the way to gather responses from providers. The survey notification letter was sent on December 1, 2011 to providers of video/cable service in Michigan. A total of 46 providers were sent the notification

letter of which the Commission received 45 responses.<sup>17</sup> This represents an increase of three providers<sup>18</sup> when compared to 2010.

### 1. Video/Cable Subscribers

During 2011, 2,314,081<sup>19</sup> video/cable customers were reported for Michigan. This is an increase compared to the total of video/cable customers reported in 2010 (2,306,338). Figure 6 shows the changes in video/cable subscribership.

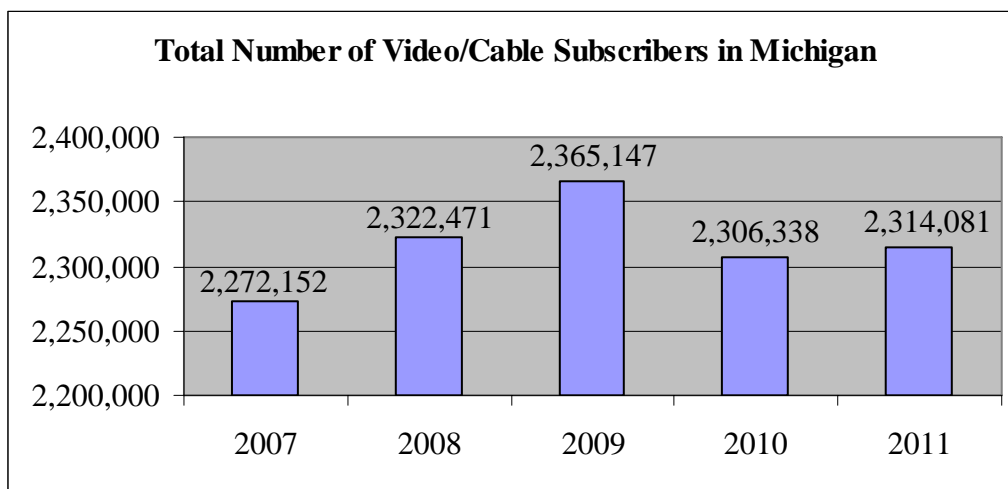


Figure 6  
Source: MPSC Provider Survey

The top three companies providing video/cable service in Michigan are: Comcast, Charter Communications, and AT&T Michigan (U-verse). Since the Act took effect on January 1, 2007, a total of 14 new video/cable providers<sup>20</sup> have begun to offer services in Michigan's market.

<sup>17</sup> One new provider began offering service in December 2011 and did not have relevant information.

<sup>18</sup> Crystal Cable TV & Broadband Internet, Martell Cable Service, Inc., and Summit Digital.

<sup>19</sup> This number does not include satellite providers. Satellite providers are not required to have franchise agreements with franchise entities and are not required to report to the Commission.

<sup>20</sup> Ace Telephone Company of Michigan Inc., Arialink Telecom, Bloomingdale Communications, Inc., Crystal Cable TV & Broadband Internet, Drenthe Telephone, Martell Cable Service Inc., Michigan Bell Telephone Company (AT&T Michigan), Michigan Cable Partners (MICOM Cable), Packerland Broadband, Sister Lakes Cable TV, Southwest Michigan Communications Inc., Summit Digital, Sunrise Communications LLC, and Waldron Communication Company.

Even though there was an increase of video/cable customers in Michigan, compared to 2010, several providers saw an overall decrease in their customer base. The Commission sees this as a sign of competition in the industry, due to more providers offering service in Michigan and more municipalities that have two or more providers of video/cable service. Figure 7 shows the trends in providers' customer bases in 2011.

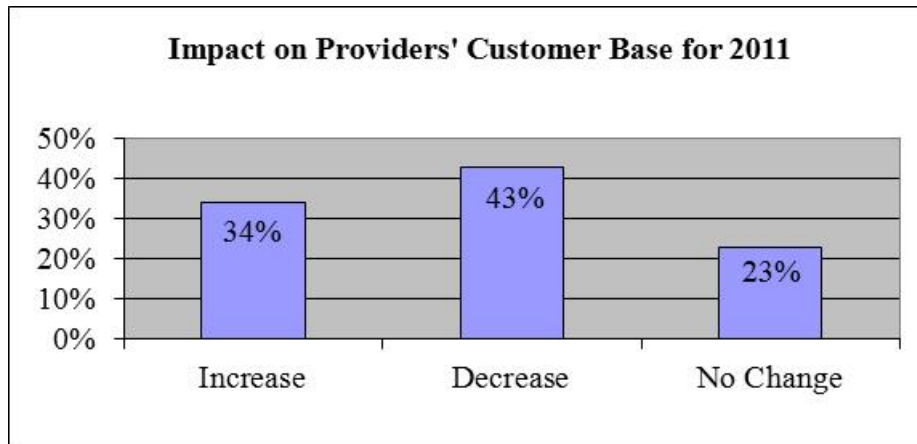


Figure 7  
Source: MPSC Provider Survey

## 2. Video/Cable Competition

Consistent with previous years, the Commission asked providers to submit information regarding the competition they are encountering in their franchise areas. Providers submitted information on the number of competing providers they encountered in their specific franchise areas before the Act took effect, and since the Act took effect. Similar to the previous years, providers have reported a continued increase in competitors entering their franchise areas.

Figure 8 shows this comparison:

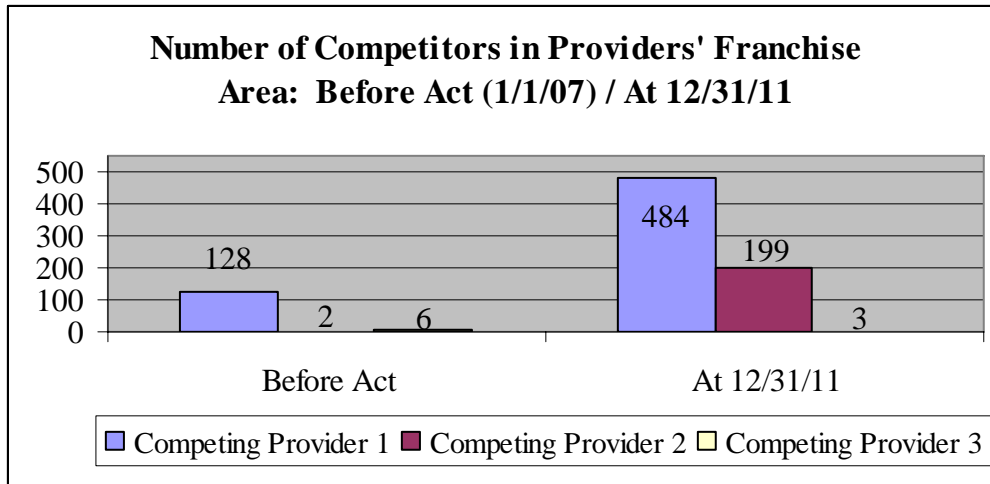


Figure 8  
Source: MPSC Provider Survey

Overall, there are currently 1,960 franchise agreements in existence in Michigan (both individual franchise agreements that were entered into before the Act that have not yet expired, and the Uniform Video Service Local Franchise Agreements as required by the Act). When compared to 2010, this represents a net increase of 23 total franchise agreements. Of the 1,960 current existing franchise agreements, 1,282 are classified as the Uniform Video Service Local Franchise Agreement, an increase of 137 from the previous year.

### 3. Disputes

Only two of the 46 providers reported having an informal or formal dispute with a municipality regarding an Agreement. The types of disputes that providers encountered involved carriage of PEG.

### 4. Investment in Michigan

Similar to last year, the Commission requested information from providers regarding how much funding they have invested in their Michigan markets. From the information presented to the Commission, providers report they have invested over \$2.2 billion in the Michigan

video/cable market since the Act became effective on January 1, 2007. Of that amount, over \$400 million was reported to be invested in the Michigan video/cable market in 2011.

### **III. Recommendations**

This section provides the Commission's recommendations for legislative action pursuant to Section 12 (2) of the Act. As in past years, the Commission offers the following two areas for consideration.

First, the Commission recommends that the Legislature extend the due date of the Commission's Annual Report from February 1 of each year, to March 1 of each year. The current due date makes it difficult for respondents to provide timely and accurate year-end information to the Commission. The year-end data must be collected, analyzed and summarized in this report in 30 days, which is a very short timeframe. Extending the reporting date would allow municipalities and providers additional time to provide more detailed responses to the surveys.

Second, the Commission recommends that language be added to the Act that is similar to the language that is currently found in Section 211(a) of 2005 PA 235, the Michigan Telecommunications Act, which requires the provider to register the following information with the Commission: the name of the provider; a description of the services provided; the address and telephone number of the provider's principal office; the address and telephone number of the provider's registered agent authorized to receive service in this state; and any other information the Commission determines is necessary. This contact information is necessary so that the Commission has accurate contact information available to it for complaints, as well as for future information and data collection. Also, the Commission recommends that if a company changes its name, goes out of business, or is merged into another company, it be required to notify the

Commission of this change. Providers do not submit their Franchise Agreements to the Commission, the Franchise Agreements are submitted with the individual franchise entities. As such, this information is not available to the Commission.

The Commission will continue to monitor the status of video services competition in Michigan and inform the Legislature of any further recommendations for needed legislation.

#### **IV. Conclusion**

The Commission, adhering to its responsibilities as set forth in Section 12(2) of the Act, provides the Legislature and Governor with this report that includes information related to the Commission's role, activities, and responsibilities, as well as summarizing the information that has been collected from franchise entities and providers, and the Commission's legislative recommendations. The total number of complaints received by the Commission is lower than previous years. As new and existing providers continue to build-out their systems and increase competition the possibility of customer complaints increases. In addition, as the Commission continues to educate and inform customers of the dispute resolution process adopted in 2009, an increase in the number of complaints filed is to be expected for the next calendar year.

Nationally, the top cable and satellite providers have reported losses of subscribers. Michigan, however, has reported an increase. Increases in subscribers as well as the emergence of three new providers are good signs for the cable industry in the state of Michigan. Both franchise entities and providers have continued to report that video/cable competition is continuing to grow. While the growth in competition has not been overwhelming, it has nonetheless continued to grow each year since the Commission began issuing this report. Figure 8 shows a noted increase in the number of competitive providers in franchise areas since

2007 when the Act took effect. In addition to the increase in competitive providers, companies continued to invest hundreds of millions of dollars into the Michigan video/cable market in 2011.

As the Act enters its sixth year of existence, signs of progress and competition continue to be evident. It appears (from both municipalities, as well as providers) that providers are offering more services to customers. In addition, more areas throughout Michigan are beginning to have a choice in which provider they choose for cable service. The Commission will continue to monitor video service competition as it develops and take appropriate action as provided by the Act.