MPSC

MICHIGAN PUBLIC SERVICE COMMISSION

Status of Competition for Video Services in Michigan

In compliance with Public Act 480 of 2006

February 1, 2023

Dan Scripps, Chair
Tremaine Phillips, Commissioner
Katherine Peretick, Commissioner

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LICENSING AND REGULATORY AFFAIRS

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Executive Summary

This annual report, submitted by the Michigan Public Service Commission (Commission) in accordance with Section 12(2) of the Uniform Video Services Local Franchise Act (2006 PA 480, or the Act), describes the status of competition for video/cable services in Michigan. There are currently 31 video and cable television providers offering service to Michigan customers, a slight reduction from the 33 providers offering service in 2021, and they are continuing to report more competition in their franchise areas since the Act took effect. This report provides information regarding the responsibilities and activities of the Commission, the results from the 2022 Commission survey to gather information from franchise entities and video/cable providers, as well as recommendations to the Legislature. It is important to note that the Act does not provide jurisdiction over satellite television providers and as such, this report does not include information regarding satellite providers or their customers.

The Commission continues to educate and inform customers of the dispute resolution process and will continue to oversee complaints regarding video/cable services in Michigan. 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 the state. The Commission will also continue to assist individual customers, franchise entities, and providers with their questions and/or complaints, as well as inform the Governor and Legislature of any future developments and make the appropriate recommendations for needed legislation.

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/cable services in Michigan, as well as any recommendations for needed legislation to the Governor and Legislature by February 1 of each year. For the fifteenth year, the Commission has collected information regarding the status of competition of video/cable services by developing electronic surveys for use by franchise entities (also referred to as municipalities or communities) and video/cable service providers operating 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/cable franchise activities (including complaint handling) during 2022. This report also includes information relating to recommendations for legislative changes and the Commission's conclusion on the status of video/cable competition for 2022.

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, during the 2022 calendar year. These responsibilities and activities have been divided into the following categories: Statutory Responsibilities, Outreach, and Complaint Handling.

Statutory Responsibilities

This 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.[1]

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/cable dispute resolution process. The Commission offers the dispute resolution process for the following types of complaints: customer vs. provider; franchise entity vs. provider; and provider vs. provider.

The Act provides that a video service provider shall not deny access to service to any group of potential residential customers because of the race or income of the residents, pursuant to Section 9. In addition, the Act also provides that the Commission shall receive and rule on waiver requests from providers for an extension of requirements in Section 9 of the Act (deployment of services) and provides for the monitoring of the providers' compliance through annual reports. Commission Staff follow-up annually with the appropriate video/cable providers to ensure compliance with this section of the Act. To date, the Commission has not received any such waiver requests.

The Act also provides that video/cable providers shall notify their customers of the dispute resolution process under Section 10 of the Act. Commission Staff follow-up with video/cable providers annually to ensure compliance with the Act.

Lastly, the Act also requires providers to submit to the Commission any information requested by the Commission necessary for the preparation of the annual report required under Section 12 of the Act.

Outreach

Commission Staff continue to make efforts to communicate and meet with representatives from various cable companies as well as local municipalities to keep communication open between the Commission and those impacted by the Act. As in previous years, Staff mailed information regarding the Commission's Video/Cable Consumer Tips to over 1,700 municipalities in an effort to have the municipalities share the dispute resolution process and Commission's contact information with their residents, as well as provide information to municipalities regarding any issues that they may be encountering with their video/cable provider. Commission Staff also shared this information with the Michigan Municipal League and the Michigan Townships Association to distribute to their members.

Updates and enhancements are continually being made to the Commission's video franchise webpage.[2] The video franchise webpage provides a link to "Video/Cable Providers Offering Service in Michigan", where a person can view an updated list of

[1] The Agreement, as well as the Act, can be located at: https://www.michigan.gov/mpsc/0,9535,7-395-93309_93439_93464_94117_94119---,00.html

[2] MPSC Video/Cable webpage: https://www.michigan.gov/mpsc/0,9535,7-395-93308_93325_93425_94040_94044---,00.html

all video/cable providers offering service, as well as contact information for each provider. In addition, there is a link on the video franchise webpage to Michigan's Interactive Broadband Map.[3] The map is detailed, user-friendly, and allows users to see if Internet service – including Internet service offered by a video/cable provider – is available in a particular area, and if so, which providers are offering those services.[4]

Other items on the video franchise webpage include: 2006 PA 480, Frequently Asked Questions (FAQs), the Uniform Video Services Dispute Resolution Process (Public Act 4 of 2009), the Uniform Video Services Local Franchise Agreement, Video/Cable Consumer Tips,[5] information on the process for filing an informal or formal complaint, an online complaint form, contact information for Video Franchise, and an archive containing previous Video Competition Reports.

Complaint/Inquiry Handling

Customers can contact the Commission with complaints and inquiries using several methods: by calling the Commission's toll-free telephone line; faxing, mailing, or submitting an online complaint form; or filing a complaint in person at the Commission office. Commission Staff also receives complaint and inquiry referrals from the Governor's office, legislative staff, the Attorney General's office, the Director of the Department of Licensing and Regulatory Affairs, and other state agencies.

After contacting the Commission, a customer record is created for each customer complaint and/or inquiry. These records allow the Commission to track the history and progress of the customer's complaint from initial contact to resolution and collect data to analyze complaint and inquiry trends. Commission Staff respond directly to a customer's inquiry or complaint, and complaints are forwarded to a video/cable provider complaint representative for resolution. The Commission follows the dispute resolution process as set forth in Public Act 4 of 2009.

Informal/Formal Customer Complaints

The Commission received 1,305 video/cable customer complaints and inquiries from January 1, 2022 to December 31, 2022, a 46 percent increase from 2021. Figure 1 below shows the number of video/cable complaints and inquiries filed at the Commission over the past five years (2018 – 2022):[6]

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[3] https://gis.connectednation.org/portal/apps/webappviewer/index.html?id=98c4d702d00040c9be673787bfeb8162

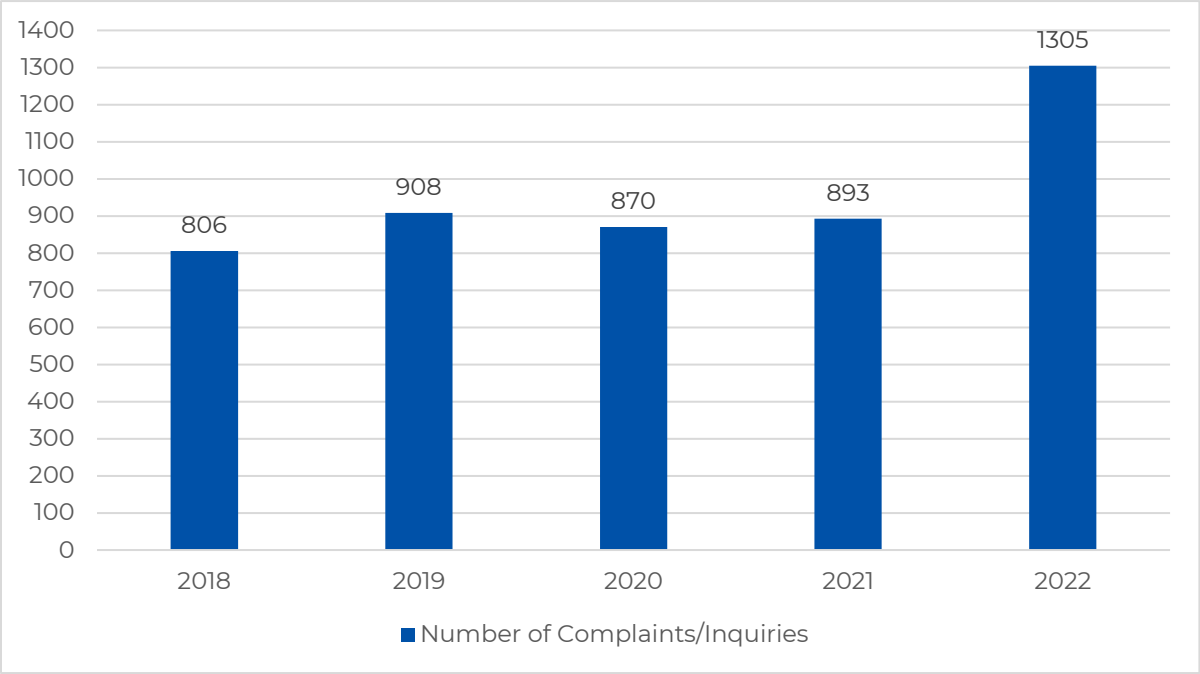
[4] The map provides broadband internet information from participating providers. In addition, since providers continually expand and enhance their infrastructure, it is recommended that consumers contact the potential provider for assurance that service is available and can be offered.

[5] https://www.michigan.gov/mpsc/~/media/Project/Websites/mpsc/consumer/info/tips/telecom/Video_Cable_Complaints.pdf

[6] The total reported number in Figure 1 only represents cable/video television specific complaints. MPSC Staff also received 330 cable complaints that were combined with telecommunications issues as well. Since these complaints involved more than just cable/video, these totals were not included in Figure 1.

Figure 1

Total Number of Video/Cable Complaints & Inquiries Reported to the Commission (2018-2022)



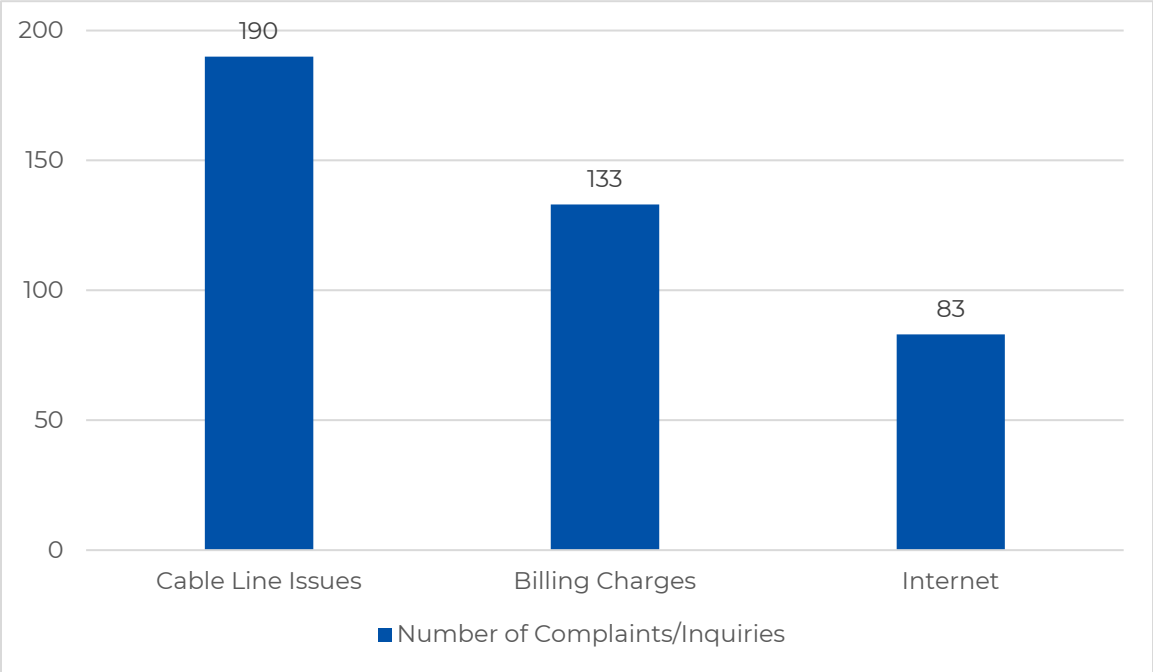
Source: MPSC Complaint Data

Follow-up calls and the reopening of a complaint are not documented as a new complaint unless the complaint consists of an additional problem not originally reported by the customer.

Commission Staff continues to assist customers on a variety of issues regarding billing, false/misleading information, equipment-service problems, cable line issues, customer service, and request for service – among others. Figure 2 provides a listing of the most common types of video/cable complaints and inquiries filed with the Commission in 2022:

Figure 2

Most Common Video/Cable Complaints & Inquires



Source: MPSC Complaint Data

The numbers above show changes from the complaints and inquiries made in 2021, including an increase in cable line issues (up from 173 to 190) and a decrease in billing charge issues (down from 186 to 133). Internet complaints were in the top three categories of complaints with 83 complaints. Of the 31 cable providers operating in Michigan, the Commission received video/cable complaints and inquiries pertaining to 13 different cable providers. The three providers with the most complaints filed with the Commission in 2022 were Comcast (29 percent), AT&T (9 percent) and Charter Communications (8 percent).

Customers who remain dissatisfied with the complaint resolution offered during the informal complaint process have the option to file a formal complaint pursuant to the Act. There were no formal customer complaints filed in 2022.

Franchise Entity vs. Video/Cable Provider Complaints

During 2022, the Commission did not receive any complaints filed on behalf of a franchise entity against a video/cable provider. Commission Staff continue to assist both franchise entities and providers in resolving any issues or concerns that may be occurring between the parties.

2022 Commission Survey to Franchise Entities and Providers

As in the past, the Commission continued to use its electronic survey for franchise entities, as well as a separate survey for providers.

Franchise Entities' Responses to the Commission Survey

Similar to previous years, the Commission posted the survey form on its website for franchise entities to complete. The online survey was available October 17 – November 14, 2022.

Although the franchise entity survey is not mandatory and not required by the Act, the Commission believes it is important to continue collecting information from municipalities regarding the video/cable environment in their communities. Commission Staff mailed over 1,700 letters to municipalities informing them of the survey. Commission Staff also asked the Michigan Municipal League and the Michigan Townships Association to email the letter and information to their members. The notification letters provided municipalities with information regarding the location and availability of the survey and encouraged communities to respond. Two Video Franchise Consumer Tip Sheets were also included, one that describes the dispute process for customers to file a video/cable complaint, and one for municipalities that explains the process to file a complaint against a video/cable provider.

Commission Staff received 384 responses, which was a 27% decrease from the previous year. The compiled responses provide a cross-section of information necessary for analyzing video/cable service and competition in Michigan. The Commission believes it is important to include this information in the report; however, the responses do not necessarily reflect the views of the Commission.

Complaints

Of those municipalities that responded to the survey regarding customer complaints, 89 percent indicated they no longer take video/cable complaints. The Commission has continued to try to inform municipalities about Public Act 4 of 2009 (the dispute resolution process), resulting in 63 percent of the respondents in this years' survey stating they are aware of Public Act 4 of 2009. 68 percent of responding municipalities indicated they are aware the Commission can assist customers, franchise entities, and providers with video/cable inquiries and/or complaints.

Of those municipalities that continue to respond to video/cable complaints from their residents, the four most frequent complaints received by municipalities are rates,[7] service equipment issues/outages, customer service, and billing issues.

[7] Pursuant to 2006 PA 480, neither the Commission, nor the franchise entity, has regulatory authority over rates or other control over a provider. The Commission does not regulate video/cable rates.

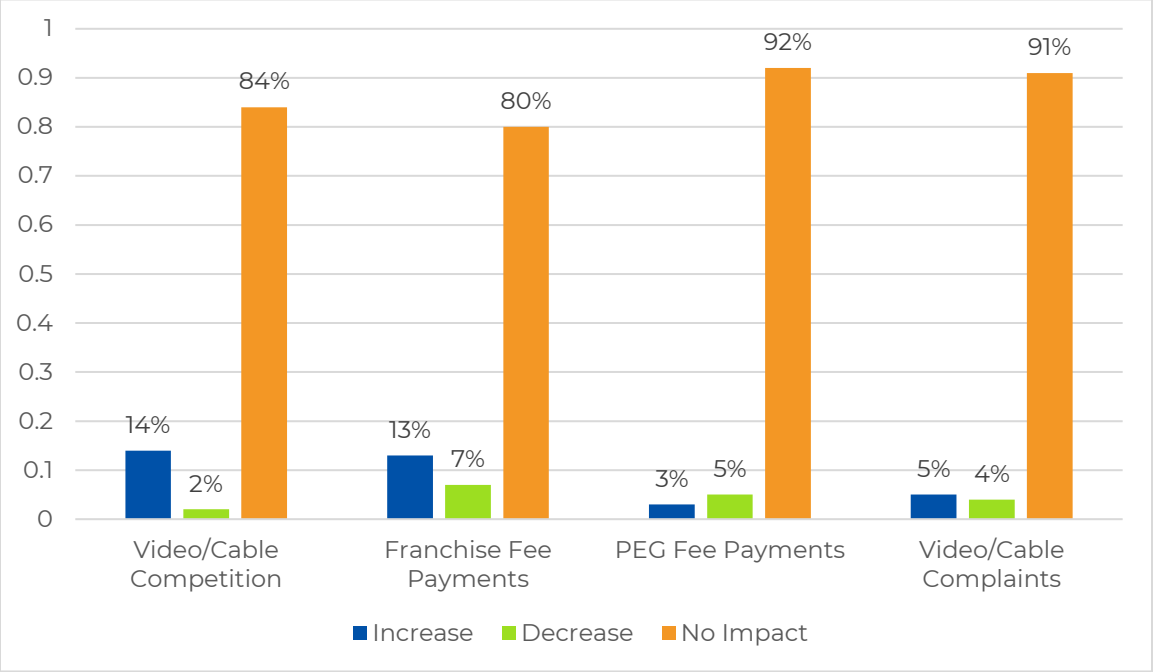
Although less frequently, municipalities also received various other complaints.[8] In 2022, 2 indicated that they had a dispute with a provider regarding a franchise agreement. The disputes were regarding franchise fees and agreement language.

Impact of the Video Franchise Act on Communities

Municipalities were surveyed regarding any impact they have witnessed within their community since the Act took effect. Similar to previous years, the impacts that were highlighted are: Video/Cable Competition, Franchise Fee Payments, Public, Education and Government (PEG) Fee Payments, and Video/Cable Complaints. Figure 3 displays community responses relative to the four categories since the Act became effective:

Figure 3

Impact on Communities Since Act Became Effective



Source: MPSC Franchise Entity Survey

Again, like previous years, a high percentage of communities that responded reported no impact in each of the four categories.[9]

[8] "Other" complaints received included: access, cable outages, choice, no service, service installation, property damage, and cable line issues.

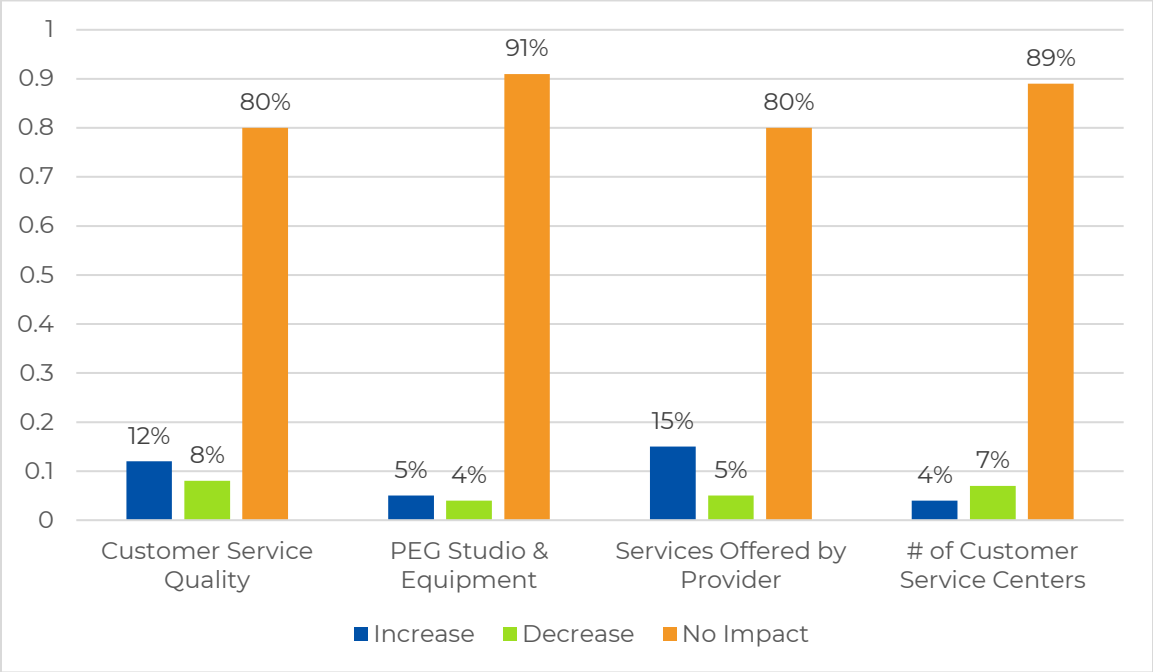
[9] It is important to keep in mind that those communities that responded last year are not necessarily the same communities that responded this year. Therefore, it is important not to make a direct comparison and assume that this is representative of the entire state.

Changes in Quality of Service and/or Service Offerings of Providers

As in previous years, the Commission asked the municipalities to report any changes they perceived during 2022 regarding Customer Service Quality, PEG Studio and Equipment, Services Offered by Providers, and the Number of Customer Service Centers. Figure 4 reflects those responses from the municipalities:

Figure 4

Impact on Quality of Service & Offerings in Communities Since Act Became Effective



Source: MPSC Franchise Entity Survey

For 2022, a large percentage of municipalities reported "no impact" in each of the four categories since the Act took effect. Municipalities also provided feedback regarding whether a PEG channel is available. Based on the responses received, 28 percent of municipalities indicated their community has a designated PEG channel.

Franchise Entities' Suggestions or Comments

Franchise entities were provided the opportunity to offer any comments, recommendations, and/or suggestions.[10] The following summarized comments, organized by topic area, were received by the Commission:

[10] These recommendations and suggestions are the sole opinion of some of the franchise entities and do not necessarily reflect the views of the Commission. These recommendations and comments are the views of only those franchise entities who provided comment, and do not necessarily reflect the same opinion of other franchise entities throughout Michigan.

Access:

Access to cable and internet service is a significant concern. Several franchise entities mentioned having no or very limited cable and internet service while others state they have very poor internet service. Many entities mentioned they would like to see more cable and internet options for their residents, improved cable and internet service, and expansion, especially in rural areas.

Competition:

As noted last year, a few franchise entities commented that PA 480 has increased competition for some but not all residents, while having no effect on cost and decreasing customer service.

Customer Service:

One franchise entity stated that they were very pleased with their provider, while another voiced frustration in the need to speak to a human when resolving issues with their provider. Yet another franchise entity recommends that direct contact with citizens is best.

Cost:

Multiple franchise entities stated that cost was a concern. Some feel that the cost continues to increase unnecessarily, while one included that the cable costs should be regulated.

Franchise and PEG Fees:

One franchise entity stated they were concerned with the calculation of franchise fees, while another recommended a decrease in fees due to streaming capabilities.

Miscellaneous Comments:

One franchise entity feels that cable and satellite television will soon be obsolete due to streaming. Another entity questions why the MPSC is not regulating the rates of wireless phones since they are replacing landlines and providing internet service through the devices.

Providers' Responses to the Commission Survey

In 2022, the Commission continued to use its electronic survey to gather responses from providers. The survey notification letter was sent by e-mail on November 29, 2022 to all providers of video/cable service in Michigan. The survey was also available on the Commission's webpage beginning November 28, 2022. Accounting for any closures and/or mergers of companies and with the addition of new providers, there

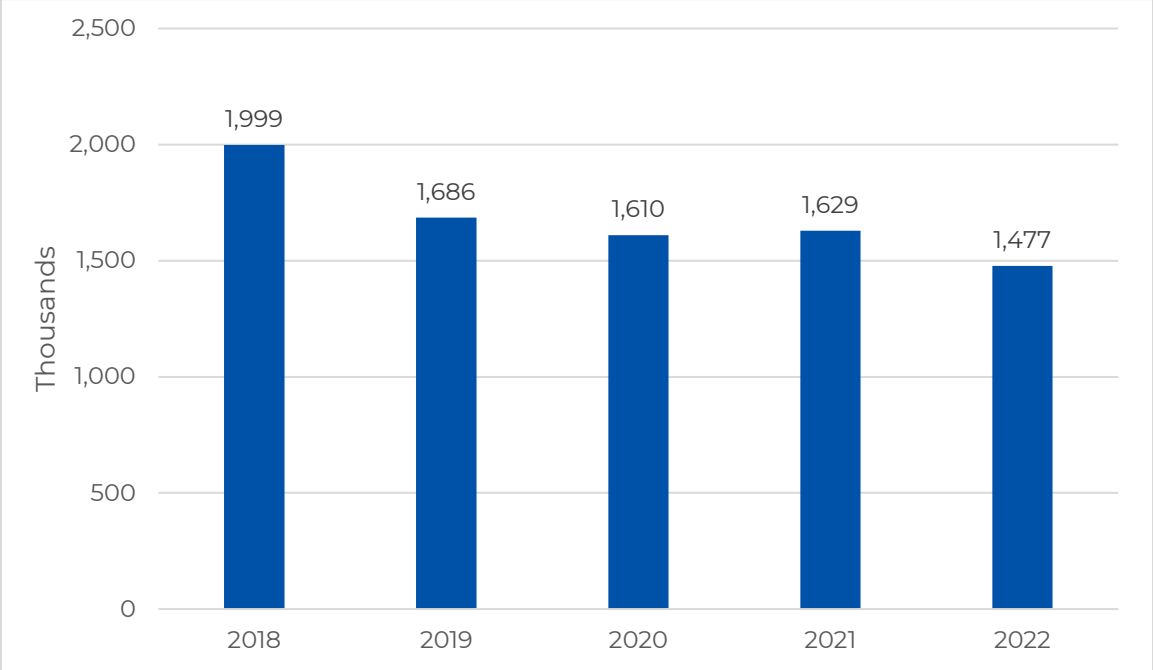
are now a total of 31 video/cable providers offering service in Michigan, a decrease of 2 from 2021.[11]

Video/Cable Subscribers

During 2022, there were a total of 1,477,202[12] video/cable customers reported for Michigan. This is a decrease of 151,218 customers compared to the number reported in 2021. Figure 5 shows the evolution in video/cable subscribership since 2018:

Figure 5

Total Number of Video/Cable Subscribers in Michigan



Source: MPSC Provider Survey

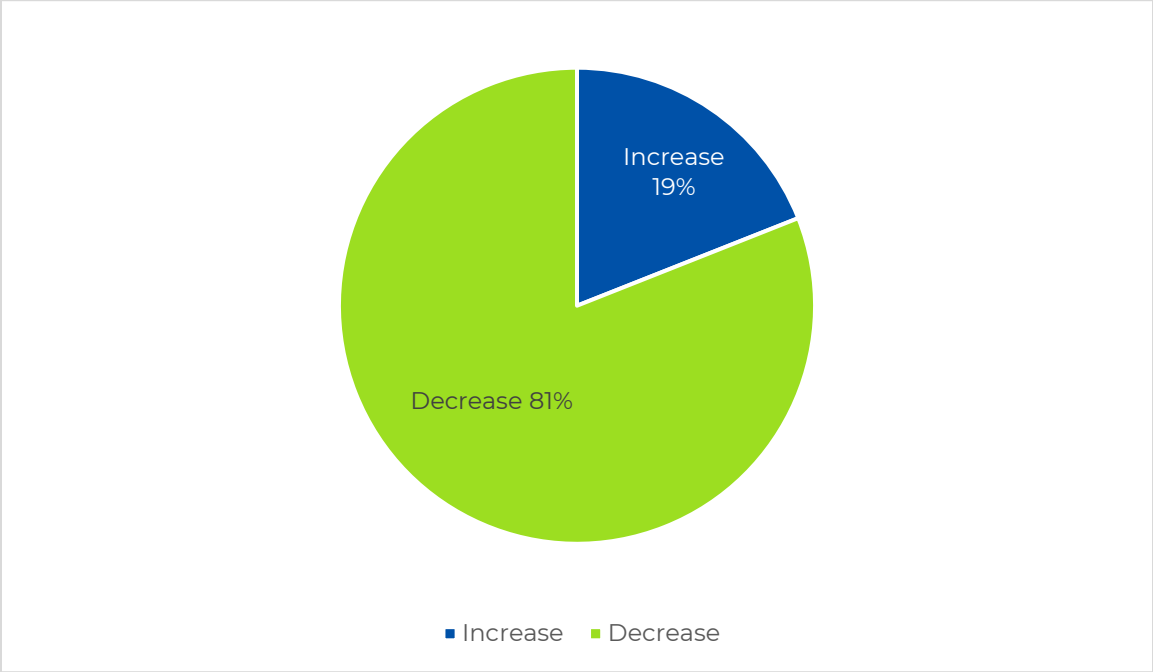
[11] As of March 2022, CMS Internet reported that they were no longer providing cable tv service. Parish Communications was acquired by Charter Communications in September 2022. Baraga is included in the total number, but they have not yet started providing service.

[12] 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.

In addition to the overall number of subscribers, Figure 6 shows the cumulative breakdown of the providers' customer bases in 2022:

Figure 6

Impact on Providers' Customer Base (2022)



Source: MPSC Provider Survey

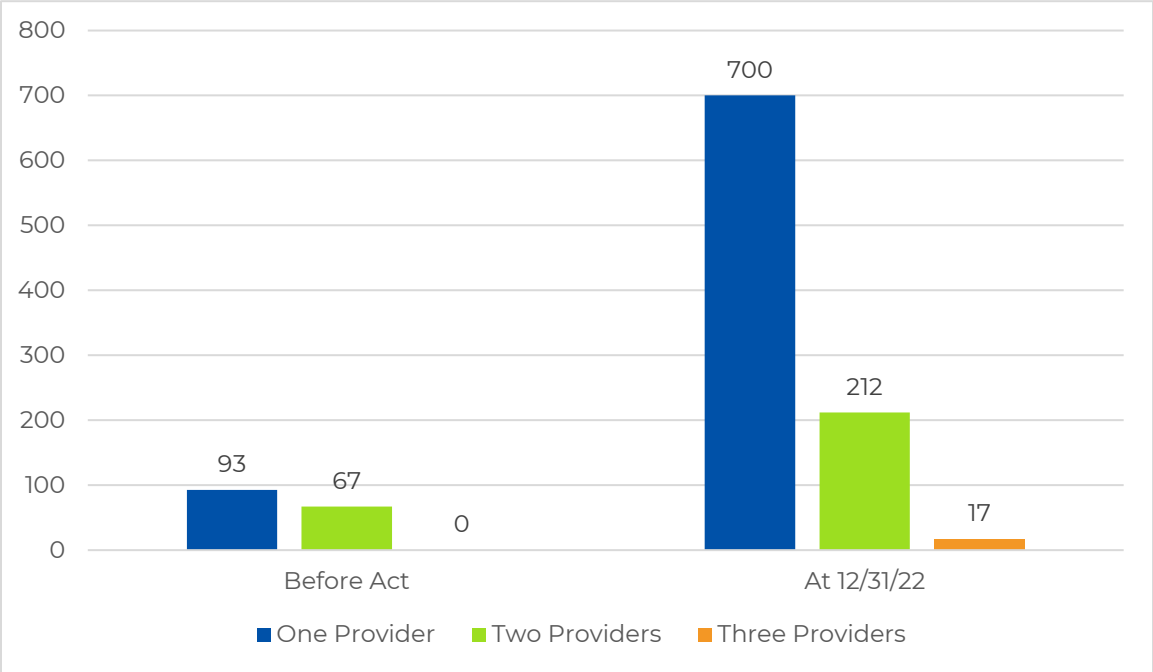
Video/Cable Competition

Overall, there are currently 2,032 franchise agreements in Michigan (both individual franchise agreements 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 2021, this number has increased slightly.

Consistent with previous years, the Commission asked providers to submit information regarding the competition encountered in their franchise areas. Providers submitted information on the number of competing providers existing in their franchise areas before and since the Act took effect. Like previous years, providers have reported a continued increase of competitors entering their franchise areas. Figure 7 shows this comparison:

Figure 7

Number of Competitors by Franchise Area Before Act (1/1/07) and At (12/31/22)



Source: MPSC Provider Survey

Disputes

In 2022, one provider reported having a dispute with a franchise entity. The dispute was regarding franchise fees.

Investment in Michigan

Similar to previous years, the Commission requested information from providers regarding how many dollars they have invested into the Michigan market.[13] Thirteen (13) of the 31 video/cable providers reported investing over $6.5 million dollars into the Michigan video/cable market during 2022.

Video/Cable Providers' Improvements/Enhancements in 2022

Video/Cable providers were also given the opportunity to provide information regarding improvements/enhancements to customer service, technical upgrades, or any other improvements made in 2022.[14] Video/Cable providers offered the following information regarding improvements and/or enhancements they have made in 2022 regarding customer service, technical upgrades, service offerings, etc.:

[13] The information that was submitted by the providers was done so on a voluntary basis.

[14] This information voluntarily submitted to the Commission should not be construed as verified by the Commission, nor should it be construed as the Commission supporting video/cable services of any particular provider.

Cable America has implemented antenna upgrades for C-Band transition. Northside TV Corporation states they have had to move their signal due to the FCC C-band sale to the cell phone companies and that they have spent thousands of dollars doing so. Skitter Cable TV has been upgrading their customer's software (user interface). Iron River Co-Op TV is now offering online payments.

Sunrise Communications now offers an all-digital lineup with HD channels and has upgraded internet speeds while TVC, Inc. states they have added new channels.

Westphalia Broadband, Inc. is continuing with their fiber to the home projects, which will increase their customers' bandwidth and allow customers to add more services. They also continue to add more channels to their lineup. Wide Open West Michigan has Increased bandwidth management, upgraded electronics for better network stability, and have 1 Gbps download speeds throughout the market.

Wyandotte Cable is working on the FTTP project, to all homes and businesses in Wyandotte. They have also upgraded to offering IPTV, using the MobiTV (TiVO) platform. Satellite Operations DBA Sister Lakes Cable commented that currently all their focus is on the data/internet side of operations.

Other providers commented that they continue to train their customer service representatives, offer more customer self-help and troubleshoot website enhancements, expand office hours, add additional staff, and provide more service reliability.

Affordable Connectivity Program

The Affordable Connectivity Program (ACP) is a Federal Communications Commission (FCC) benefit program that helps to ensure that qualifying households can afford broadband service for purposes of work, school, healthcare, and more.[15]

The ACP benefit provides a discount of up to $30 per month for qualifying households towards broadband service and up to $75 per month for households on qualifying Tribal lands. In addition, these eligible households can also receive a one-time discount of up to $100 for the purchase of a laptop, desktop computer, or tablet from a participating ACP provider as long as they contribute more than $10 and less than $50 towards the purchase price.

While broadband service is completely different than cable television service and it is not included within PA 480 of 2006, there are several video/cable television providers that are participating in the ACP, and it is important to highlight this program. Of the 31 video/cable providers in Michigan, 11 providers stated that they participate in the ACP program and 16 providers indicated that they do not participate.[16]

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[15] Affordable Connectivity Program

[16] The information regarding the participation in the ACP program was provided on a voluntary basis. The 11 providers that participate in the ACP are: Bloomingdale Communications, Buckeye Cablevision, CCI Systems, Inc. d/b/a Astrea, D&P Communications, Hiawatha Communications, Mediacom Indiana, Sand

Throughout 2022, the Commission has been active in sharing the ACP information with the public. The Commission has shared the ACP information through customer outreach means such as press announcements and social media postings on its twitter and Facebook pages. In addition, the Commission included ACP information in its survey to the Franchise Entities for this report. The Commission asked Franchise Entities as to whether they were aware of the ACP, and if not, encouraged those communities to share the ACP information with their residents. Of the 384 responses to the survey, approximately 41% of the franchise entities stated that they were aware of the ACP, while 59% franchise entities stated that they were not aware of the ACP program.

In Michigan, as of January 2023, there are over 540,000 households currently enrolled in the ACP program. A household must meet the eligibility criteria to be able to participate in the program.[17] The MPSC will continue its ACP outreach efforts during 2023.

Recommendations

This section provides the Commission's recommendations for legislative action pursuant to Section 12 (2) of the Act. The Commission offers the following three additional 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. This narrow timeline to receive information from respondents and thoroughly analyze that information so that the Commission can provide a report to the Legislature by February 1 forces the Commission to rely on estimates in some areas instead of actual numbers.

Second, the Commission recommends language be added to the Act similar to the language currently found in Section 211(a) of 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

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Creek Telephone Company, Southwest Communications d/b/a Bloomingdale, Wide Open West Michigan, Wide Open West, and Wyandotte Cable. While some providers may not have responded to this question, the Commission is aware of at least two additional providers who are participating in the ACP and those include Comcast and Charter Communications.

[17] To qualify for the ACP program, a household must have an income that is at or below 200% of the federal poverty guidelines or participates in one of the following assistance programs: Free and Reduced-Price School Lunch Program or School Breakfast Program, including through the USDA Community Eligibility Provision; SNAP; Medicaid; Federal Public Housing Assistance; SSI; WIC; Veterans Pension or Survivor Benefits; or Lifeline. Or received a Federal Pell Grant during the current award year or meets the eligibility criteria for a participating provider's existing low-income program. For Tribal households: participates in Tribal specific programs: Bureau of Indian Affairs General Assistance, Tribal TANF, Food Distribution Program on Indian Reservations, or Tribal Head Start (income based).

telephone number of the provider's registered agent authorized to receive service in this state; and any other information the Commission determines is necessary. Having this information would ensure the Commission has accurate contact information available to it for complaints, as well as for future information and data collection pursuant to the Act.

Third, the Commission recommends that if a company changes its name, goes out of business, or is merged into another company, it should be required to notify the Commission of this change. Providers do not submit their Franchise Agreements to the Commission – the Franchise Agreements are submitted to the individual franchise entities. As such, this information is not available to the Commission. The Commission will continue to monitor the status of video/cable services competition in Michigan and inform the Legislature of any further recommendations for needed legislation.

Conclusion

The Commission, adhering to its responsibilities as set forth in Section 12(2) of the Act, provides the Governor and Legislature with this report that includes information related to the Commission's role, activities, and responsibilities, as well as summarizes the information that has been collected from franchise entities and providers, and the Commission's legislative recommendations.

As in past years, since the Act took effect, there are now hundreds of franchise areas that have at least 2 video/cable providers. Video/cable providers continue to invest millions in the video/cable market in Michigan, and enhance equipment, infrastructure, and service offerings to customers. The Commission will continue to educate and inform customers of the dispute resolution process and will continue to address complaints regarding video/cable services in Michigan.