

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Applications of	)	MB Docket No. 14-90
	)	
AT&T, Inc. and DIRECTV	)	
	)	
For Consent to Assign or Transfer Control of	)	
Licenses and Authorizations	)	

**REPLY COMMENTS OF HUBBARD BROADCASTING, INC.  
IN SUPPORT OF THE MERGER OF AT&T AND DIRECTV**

Hubbard Broadcasting, Inc. (“HBI” or “Hubbard”) and its owners, the Hubbard family, submit these remarks in response to the Public Notice released August 7, 2014 in the above-captioned proceeding.<sup>1</sup> For the reasons detailed herein, HBI and the Hubbard family members support the proposed merger between DIRECTV and AT&T, Inc.

**I. Background**

HBI is a family-owned radio and television broadcaster and independent satellite/cable program network operator. Since HBI’s inception in 1923, our guiding doctrine has always been to operate in the public interest. In that regard, over the years we have received many awards, and have had the good fortune to be recognized as a leader in providing service to the public.

HBI is proud of its history of innovation in the broadcast industry. From the first advertising supported radio station, to the first all-color television station (which featured the first regularly scheduled evening news cast) to the first live remote television news feeds to the first national satellite news gathering and sharing cooperative, HBI has pioneered ways to better inform and entertain its audience. Today Hubbard operates 13 television and 30 radio stations,

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<sup>1</sup> See *Commission Seeks Comment on Applications of AT&T Inc. and DIRECTV to Transfer Control of FCC Licenses and Other Authorizations*, Public Notice, 29 FCC Rcd 9464 (2014).

the independent satellite/cable network REELZCHANNEL (“REELZ”) and is the controlling shareholder of Ovation, an independent cable network focused on the arts.

In 1981, HBI, with its United States Satellite Broadcasting Company (“USSB”), became the second applicant for a direct broadcast satellite (“DBS”) license.<sup>2</sup> In 1993, HBI, together with our then launch partner, DIRECTV, began the first high-powered direct broadcast satellite service in North America.

By inaugurating the first DBS service, HBI and DIRECTV provided the first meaningful nationwide competition for cable. The system made it possible for virtually all Americans, no matter where they live, to receive advanced multi-channel digital television service. In addition, the DIRECTV/USSB system made it economically feasible to transmit more channels (including independent networks and niche services).

We are proud that the competition between DBS and cable spurred both industries to innovate in their effort to better serve consumers and, by differentiating and creating new services, allowed both to thrive. Today most American families can access scores of clear, high definition-quality video programming channels from several multiple video programming distributors (“MVPDs”). MVPDs market video, broadband and other services, providing a compelling mix of products at competitive prices in order to maximize their share of the market. We believe that the real winners from this competition have been American families across the country.

As part of its sale of USSB to DIRECTV in 1999, HBI received certain long-term programming distribution rights on DIRECTV’s DBS system. Based on those rights, HBI worked with DIRECTV to launch the independent networks REELZ and Ovation. In fact, the first programming distribution agreement for REELZ was with DIRECTV. Such early support

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<sup>2</sup> After COMSAT dropped out, HBI became the applicant of longest standing.

was extremely important in establishing REELZ's credibility with other MVPDs so that this independent network could assemble the initial subscriber base necessary for its launch in 2006. DIRECTV's decision to carry Ovation also came at a critical juncture in that network's development. Similarly, AT&T, through its U-verse business, was an early supporter of both networks, playing a key role in their evolution toward success. DIRECTV's recent commitment to upgrade both REELZ and Ovation signals to HD already is providing the networks with a major boost, while enhancing the viewing experience for DIRECTV subscribers. The Hubbard family thanks both DIRECTV and AT&T for their assistance in promoting the success of these independent networks.

## **II. Approval of the Merger Would Spur Competition Benefiting Consumers.**

HBI continues to believe that a healthy home video marketplace benefits and protects consumers by spurring innovation and fostering price competition. Today's consumers are looking for a wide range of non-traditional options, such as internet connected TV or wireless devices, to receive their video programming. By approving the AT&T-DIRECTV merger, the Commission will allow the combined company to position itself for the future by combining DBS, internet and wireless assets in a way that it can differentiate itself in the marketplace and compete effectively with cable television and streaming services. The Commission would support consumers by allowing competitors to gather the assets necessary to meet the evolving consumer demands of the 21st Century.

## **III. The Commission Should Reaffirm its Historic Commitment to Fostering Diverse Voices and Independent Networks.**

Hubbard Broadcasting supports the Commission's longstanding commitment to promoting numerous and diverse voices in the programming area and encourages the Commission to redouble its focus on this cornerstone of our nation's communications policy.

The Independent Networks creating that diverse ownership are by definition small businesses when compared to the huge corporations dominating the programming industry and the major MVPDs on the distribution side. Independent Networks are handicapped by this market imbalance, which can make it difficult to achieve economically viable contract terms. As a result, Independent Networks, as a category, face an extremely uncertain future.

Hubbard continues to believe that the increased market concentration created by mergers currently being considered by the FCC will have little effect on future prospects of Independent Networks. Today, in order for such networks to truly succeed, they already need carriage by the four or five largest MVPDs on reasonable terms and conditions. The DIRECTV-AT&T merger doesn't change this reality.

Hubbard urges the FCC to take the appropriate steps necessary to foster independent voices and create an environment that encourages fair and non-discriminatory treatment for Independent Networks that have earned a right to succeed.

#### **IV. The Merger Represents an Opportunity to Spur Rural Development.**

Finally, HBI believes that this merger provides a real opportunity to enhance Internet service to the public, especially as it relates to small and independent businesses in rural areas. REELZ has launched an initiative to recognize and support independent businesses of all kinds, many of which are located in small cities and towns across rural America. *See* [www.IndependenceHappensHere.com](http://www.IndependenceHappensHere.com). Clearly, access to broadband Internet service is one of the key factors in promoting economic development in rural areas. AT&T estimates that after the merger is completed it will be able to provide wireless local loop broadband service in rural areas in 48 states. Almost 20 percent of these customer locations currently have no access to terrestrial broadband service today. Approval of the merger could make a positive improvement for these underserved independent businesses which seek to successfully compete against their

