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ACA Opposes AT&T Buyout of DirecTV

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The [American Cable Association](#) (ACA) is publicly opposing AT&T's purchase of DirecTV. The trade group, which represents 850 small cable companies and Internet service providers, says that this and other mergers will make the cost of purchasing programming skyrocket.

ACA Senior VP of Government Affairs Ross Lieberman gave testimony before the House Subcommittee on Regulatory Reform, Commercial and Antitrust Law today, arguing that higher programming costs could drive some small operators out of

business. For example, DirecTV owns or manages the Root Sports networks in Pittsburgh, Denver, and Washington state - and at least 120 small cable companies carry one or more of these networks.

DirecTV also "has interests in some national programming networks, including the MLB Network and the Game Show Network," Lieberman said. "Most small and medium-sized cable operators purchase some DirecTV-affiliated programming."

The ACA is deeply concerned about "the combination of AT&T's distribution assets with DirecTV's distribution assets because it will incentivize DirecTV-affiliated programmers to charge higher rates to the merged firm's rivals above and beyond existing incentives," Lieberman told lawmakers.

According to the ACA, "small and medium-sized cable operators closed a total of 1,078 small and rural cable systems" that served a total of 50,000 subscribers between 2008 and 2013.

"After these systems closed, consumers in these rural areas saw a reduction in competition as their only choices for video service became DirecTV and Dish Network," Lieberman said. "Given the rise in programming costs, we are likely to see even more system closings in the coming years. Moreover, we're also likely to see more small cable systems controlling costs by dropping programming, particularly independent programming."

Lieberman urged Congress and the FCC to "examine and find ways to address programmers' discriminatory pricing practices, which are some of the biggest threats facing smaller operators and will grow more troublesome if the Comcast/TWC/Charter and AT&T/DirecTV deals are approved."

US Rep. John Conyers, Jr. (D-MI) noted during the hearing that Comcast is also trying to buy Time Warner Cable and that Sprint may announce a deal to buy T-Mobile.

"Where does this end?" he asked, referring to industry consolidation.

But what may have a real impact on the cost of programming could be a merger between Comcast and Time Warner Cable.

Comcast owns NBCUniversal and Time Warner Cable owns two regional sports networks in Los Angeles.

Lieberman also told Congress that regulators should impose a condition on the AT&T/DirecTV merger that prevents programmers "from disadvantaging the merged firm's rivals in the prices it charges."

"Up until recently, rival MVPDs that reached an impasse in their negotiations with DirecTV for its RSNs [regional sports networks] had a right to take DirecTV to arbitration pursuant to a voluntary commitment with the FCC agreed to by DirecTV when Liberty Media acquired DirecTV," he said. "However, this condition, which was in place for more than six years, expired on February 27, 2014." Lieberman wants stronger rules than the previous one, because arbitration is too expensive and difficult for many small cable companies, he said.

You can find out more about the ACA's testimony before lawmakers [here](#).

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Source: [Ars Technica](#)

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