

What consumers can expect from AT&T, DirecTV deal

May 19 2014, by Ryan Nakashima



Specialists Frank Masiello, left, and Mario Picone work at the post that handles AT&T on the floor of the New York Stock Exchange Monday, May 19, 2014. Priming itself for the age of Internet-delivered video, AT&T Inc. said it would buy DirecTV for \$48.5 billion in cash and stock, or \$95 per share. (AP Photo/Richard Drew)

Ready to bundle your mobile phone and TV bills together? That is one of

the changes customers can expect if [AT&T Inc.'s proposed \\$48.5 billion acquisition of DirecTV](#) is approved by regulators.

Here's a quick look at the consumer impact of the deal, based on information provided by the companies:

Q. How will my bill change?

A. For the time being, not at all. The deal is subject to government approval in both the U.S. and Latin America. Until the transaction is approved, the companies will operate separately. AT&T and DirecTV expect to close the deal within 12 months.

After that, however, the companies say a single bill for [mobile phone](#), Internet service and TV can be offered in certain areas.

Q. Will prices rise?

A. That is a concern when competition is eliminated. AT&T offers its U-verse video in 22 states, while DirecTV is offered nationwide. The overlap accounts for 25 percent of all U.S. households. Competition helps keep prices to consumers low. Just look at the deals that companies like Dish offer to steal you away from your current TV provider. Or think of how easy it is to get a discount on TV or Internet service from your cable provider when AT&T improves Internet speeds in your area. The reverse is true when competition goes away.

To ameliorate the harm to consumers by reducing the number of TV competitors in many markets from four to three, the companies vowed to offer DirecTV on a stand-alone basis for at least three years at nationwide prices that won't rise or fall depending on local market conditions.

AT&T will also offer stand-alone Internet service for three years, so consumers who don't want to pay it for TV service can use video providers like Netflix or Hulu. DirecTV never offered Internet service, so prices won't be directly impacted by the takeover.

Q. Will there be consumer benefits?

A. AT&T says it will use cost savings—targeted at \$1.6 billion a year—to roll out high-speed broadband to 15 million more homes, mostly in rural areas, within four years. That could improve speeds for people in areas with poor Internet connectivity, and depending on where the rollout occurs, create competition for broadband in areas where consumers don't have many options.

The companies also say savings could be in the works for people who would want to bundle DirecTV and AT&T wireless and Internet service. AT&T currently offers some plans that bundle DirecTV service. By deepening the partnership, the companies could offer more ways for customers to save through bundling.

Q. What does this mean for so-called net neutrality, the principle that Internet providers treat all traffic equally, regardless of the type of content?

A. Similar to Comcast's promise when it bought NBCUniversal, AT&T says it will abide by the Federal Communications Commission's 2010 open Internet order for three years, despite it being struck down by a court. While the FCC is in the midst of changing those rules to allow for paid-priority fast lanes on the Internet with certain restrictions, sticking by the old order will effectively prevent AT&T from discriminating against Web traffic on its network for the time being.

Q. What new services will this allow?

A. Within a few years, AT&T says, consumers can expect to get more DirecTV content on their mobile devices, or even streamed into cars or airplanes.

The most tantalizing of these services would be NFL Sunday Ticket, DirecTV's exclusive offering that gives subscribers access to live NFL game broadcasts from around the country, no matter where you're based. It's the only way many football fans can follow their hometown teams especially if they've moved across the country.

The current deal with the NFL extends only through the coming season. DirecTV CEO Michael White said he's "confident" it can be renewed, although he stopped short of promising it would be available to AT&T customers on their mobile phones.

In a regulatory filing Monday, AT&T said it could call off the merger if DirecTV isn't able to renew NFL Sunday Ticket on terms the two companies have discussed privately.

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