

FCC: AT&T, Verizon shouldn't exempt own apps from data caps

December 2 2016, by Tali Arbel



In this Oct. 17, 2012, photo, an AT&T logo is displayed on an AT&T Wireless retail store front, in Philadelphia. U.S. regulators are calling out AT&T and Verizon for exempting their own video apps from data caps on customers' cellphones. The Federal Communications Commission sent letters to the country's biggest wireless carriers Thursday, Dec. 1, 2016, saying the way they handle the practice, known as "zero rating," can hurt competition and consumers. The agency had warned AT&T in November and said Friday, Dec. 2 that AT&T's response did not ease its concerns. (AP Photo/Matt Rourke, File)

U.S. regulators are calling out AT&T and Verizon for exempting their own video apps from data caps on customers' cellphones.

This may not result in any changes in how the wireless carriers operate, however, as agency leaders appointed by Donald Trump, the incoming president, are expected to look more favorably on such practices.

The Federal Communications Commission sent letters to the country's biggest wireless carriers Thursday saying the way they handle the practice, known as "zero rating," can hurt competition and consumers. The agency had warned AT&T in November and said in its Thursday letter that AT&T's response did not ease its concerns.

Other services—say Hulu or Netflix—can pay Verizon and AT&T so that consumers could also use those apps without eating up cellphone data. The FCC says that could harm the market for streaming services as it makes it more expensive for internet companies to compete with video services that are owned by the carriers.

For example, the FCC estimates that a video service provider would have to pay AT&T \$16 a month for a customer who streamed video for 10 minutes a day without using up his data on the cellular network, or \$47 a month for a user watching a half-hour a day.

Adding in those costs makes it difficult for a rival to compete on price with AT&T's new online TV app, DirecTV Now, whose cheapest bundle costs consumers \$35 a month, wrote Jon Wilkins, the head of the FCC's wireless bureau. Competing video providers would also be at a disadvantage if they didn't zero-rate their services at all, as consumers could need to pay for more data to watch.



In this July 25, 2016 file photo signage is seen in a Verizon store, in North Andover, Mass. U.S. regulators are calling out Verizon and AT&T for exempting their own video apps from data caps on customers' cellphones. The Federal Communications Commission sent letters to the country's biggest wireless carriers Thursday, Dec. 1 saying the way they handle the practice, known as "zero rating," can hurt competition and consumers. (AP Photo/Elise Amendola, File)

AT&T Inc. said Friday that exempting apps like DirecTV Now from data caps saves customers money, and the FCC shouldn't put a stop to that. Verizon Communications Inc. said its practices are good for consumers and comply with regulations.

Verizon lets wireless customers watch its go90 video app and NFL football, for which it has exclusive mobile rights, without using up data.

The warnings come in the final days of the FCC under President Barack

Obama's administration, which has enacted regulations intended to prevent cable companies from playing favorites with internet services.

The agency under Trump and a Republican-controlled Congress are expected to roll back or enforce more leniently such measures.

Ajit Pai, a Republican commissioner at the FCC who is seen as a candidate to be the next FCC chairman, underscored that point in a statement Friday. He said the FCC's zero-rating warnings were "yet another broadside against free data for consumers" and warned that actions taken by the FCC now could be undone by a newly staffed FCC after Trump takes office.

The FCC still has to make a final finding on whether the zero-rating practices of AT&T and Verizon are a problem. The companies could appeal that.

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