

AT&T-DirecTV Merger Creates World's Largest Pay TV Company

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Federal regulators have officially approved AT&T's \$48.5 billion acquisition of satellite TV provider DirecTV, AT&T announced today. AT&T says that the merger makes the company the largest provider of pay television services in the world with 26 million US subscribers.

To get Federal Communications Commission approval, AT&T agreed to broaden its Internet services in rural areas; expand its gigabit fiber broadband to 12.5 million users; allow customers to access competing video services over the Internet; and refrain from using anticompetitive usage caps.

The FCC has recently taken a stronger stance against telcos, reclassifying broadband Internet as a public utility and blocking Comcast's acquisition of Time Warner Cable, among other moves. But its approval of the AT&T-DirecTV deal shows that it isn't going to obstruct industry consolidation entirely.

The merger is a spot of good news for AT&T, which revealed in its latest earnings report this week that it had lost customers for most of its consumer-facing services. Last quarter, the company shed 200,000 wireless phone customers, 652,000 fixed line phone customers, 136,000 DSL customers, and 22,000 U-Verse video subscribers. But what it's lost in its more traditional businesses it has more than made up for in new viewers. Maybe the second "T" in AT&T should now stand for television.