

**Statement of Senator Patrick Leahy (D-Vt.),
Chairman, Senate Judiciary Committee,
Hearing on “The AT&T/DIRECTV Merger: The Impact on Competition and Consumers
in the Video Market and Beyond”
June 24, 2014**

Today, the Antitrust Subcommittee holds a hearing to examine another significant transaction in the telecommunications industry. The pending merger between AT&T and DirecTV will combine one of the largest wireless providers in the country with the nation’s second largest pay-television provider. A merger of this size will impact millions of consumers, including many in rural areas like Vermont. I appreciate that Senator Klobuchar and Senator Lee are continuing the bipartisan tradition of conducting a careful and thoughtful examination of major mergers.

The satellite industry plays a vital role for many rural consumers who would not otherwise be able to receive television service. The critical function of DirecTV in states like Vermont is why I have worked in the Senate to foster a healthy and competitive satellite industry. I hope that if this transaction is allowed to go forward, the merged company will maintain its commitment to rural areas and viewers.

This transaction differs from the proposed Comcast-Time Warner Cable merger because AT&T and DirecTV directly compete against each other with video products in 25 percent of the country. The potential for consumers to lose a competitor in the overlapping territory means that this deal warrants close examination by the antitrust authorities. At a time when too many consumers lack meaningful choice in television providers, a transaction that results in the elimination of a competitor should be scrutinized.

AT&T and DirecTV claim that the new company formed by this transaction will have the scale necessary to drive down content costs. I appreciate the appeal of lower costs to the company and its shareholders, but it is unclear whether these potentially significant savings will be passed along to consumers. I hope that today’s witnesses will address whether that will be the case.

It is also important to consider the impact this deal will have on broadband deployment. AT&T has stated that it will use the cost savings from this transaction to build out a fixed wireless network to approximately 13 million customer locations, predominately in rural areas. I appreciate AT&T’s acknowledgment that there is more work to be done to reach unserved or underserved rural areas. Private sector investment in this area could go a long way in bringing universal broadband service to all Americans. I look forward to hearing more about this plan and the impact it will have on rural areas.

There is little doubt that the Department of Justice and the Federal Communications Commission have their hands full this summer reviewing two major telecommunications transactions. I nonetheless expect that each will conduct a thorough and meaningful review. The Judiciary Committee continues to play an important, complementary role to the merger review process by asking the questions that matter to consumers. I thank Senator Klobuchar and Senator Lee for holding this hearing today and I look forward to hearing from the witnesses.

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