



PUBLIC NOTICE

Federal Communications Commission
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COMMISSION SEEKS COMMENT ON APPLICATIONS OF AT&T INC. AND DIRECTV TO TRANSFER CONTROL OF FCC LICENSES AND OTHER AUTHORIZATIONS

MB Docket No. 14-90

Comments/Petitions Due: September 16, 2014

Responses to Comments/Oppositions to Petitions Due: October 16, 2014

Replies to Responses/Oppositions Due: November 5, 2014

On June 11, 2014, AT&T Inc. (“AT&T”) and DIRECTV (collectively, the “Applicants”) jointly submitted applications to the Commission seeking consent to transfer control of various Commission licenses and other authorizations (collectively, the “Application”) pursuant to Section 310(d) of the Communications Act of 1934, as amended (“Act”).¹ The proposed license transfers, if completed, would effectuate the sale of all the assets of DIRECTV and its subsidiaries and related entities to a subsidiary of AT&T. We seek comment from all interested persons to assist the Commission in its independent review of the proposed transfers of licenses and other authorizations referred to in this Public Notice.² The details of the proposed transfers and the procedures on how to file petitions to deny and comments are set forth below.

DESCRIPTION OF THE APPLICANTS

DIRECTV is a multichannel video programming distributor (“MVPD”) that offers direct-to-home satellite digital television services to consumers nationwide. According to the Application, DIRECTV is a “pure-play” satellite video provider with approximately 20 million U.S. subscribers.³ In addition, it holds interests in entities with approximately 18 million video subscribers in Latin America.⁴ Currently, DIRECTV does not provide any broadband or voice services of its own, but offers such services in conjunction with third-party telecommunications, cable, and satellite partners.⁵

¹ See 47 U.S.C. § 310(d); *Applications of AT&T Inc. and DIRECTV for Consent to Assign or Transfer Control of Licenses and Authorizations* (filed June 11, 2014) (“Application”).

² A list of the licenses and authorizations subject to the filed Application is set forth in the Attachment to this Public Notice.

³ Application at 13.

⁴ *Id.*

⁵ *Id.* at 13-14.

DIRECTV owns and operates two regional sports networks (“RSNs”), Root Sports Pittsburgh and Root Sports Rocky Mountain, and holds a minority interest in, and manages, the Seattle-based RSN, Root Sports Northwest.⁶ DIRECTV also has a 42 percent non-controlling interest in the Game Show Network, and smaller, minority interests in the MLB Network, the NHL Network, and a handful of other networks.⁷

AT&T provides wireless, high-speed Internet, advanced TV, local and long distance voice, mobile broadband, and Wi-Fi services in the United States.⁸ In addition, AT&T offers wireless service and IP-based business communications services internationally.⁹ Within the United States, AT&T’s wireline footprint covers portions of 22 states, while its 4G LTE wireless network covers approximately 290 million people with plans to expand to 300 million.¹⁰

AT&T offers, or expects to offer, bundles of high-speed broadband, video, and Voice over Internet Protocol (“VoIP”) services under its U-verse brand to approximately 57 million customer locations or 75 percent of its wireline footprint.¹¹ According to the Application, of these 57 million customer locations, AT&T plans to deploy fiber to the node or fiber to the premise technologies to deliver U-verse video, high-speed broadband, and VoIP services to 33 million customer locations.¹² In addition, AT&T’s IPDSLAM (“IPDSL”) technology will deliver U-verse high-speed broadband and VoIP services to the approximately 24 million remaining customer locations.¹³ According to the Application, approximately 11.3 million households subscribe to U-verse in some form.¹⁴ This includes 5.7 million video subscribers, 11.0 million broadband subscribers, and 4.1 million VoIP subscribers.¹⁵ AT&T estimates that more than 97 percent of its U-verse video subscribers purchase at least one other U-verse product, and about two-thirds of U-verse video subscribers bundle three or four services from AT&T.¹⁶

DESCRIPTION OF THE PROPOSED TRANSACTION

According to the Application, AT&T has entered into an agreement with DIRECTV whereby AT&T will acquire DIRECTV in a stock-and-cash transaction. Under the terms of the merger, DIRECTV shareholders will receive \$28.50 per share in cash plus the right to receive between 1.724 and 1.905 shares of AT&T common stock.¹⁷ According to the Application, at the closing of the transaction, DIRECTV will merge with and into a wholly owned subsidiary of AT&T, Steam Merger Sub LLC,

⁶ *Id.* at 14.

⁷ *Id.*

⁸ *Id.* at 10.

⁹ *Id.*

¹⁰ *Id.*

¹¹ *Id.* at 10-11.

¹² *Id.*

¹³ *Id.* at 11.

¹⁴ *Id.* at 13.

¹⁵ *Id.*

¹⁶ *Id.*

¹⁷ *Id.* at 16.

which will be renamed DIRECTV.¹⁸ The new DIRECTV will own the stock of the subsidiaries of the pre-merger DIRECTV, and these subsidiaries will continue to hold the Commission licenses and other authorizations they held prior to the transaction.¹⁹

The Applicants assert that the proposed transaction will generate substantial public interest benefits. According to the Applicants, the merger will unite complementary businesses and provide each party with the missing bundle components needed to provide integrated services.²⁰ With competitive bundles of high-speed broadband, video, and wireless services, the Applicants assert that the combined company will result in a more competitive alternative to cable service.²¹ The Applicants also commit to guaranteed pricing for three years after closing for stand-alone wireline IP broadband service in areas where AT&T currently offers wireline broadband.²² Furthermore, the Applicants state that they will continue to offer DIRECTV's video service on a stand-alone basis, and commit to guaranteed nationwide pricing for three years after the closing of the transaction.²³

The Applicants estimate the transaction will generate substantial cost savings and other synergies, including savings in content-acquisition costs and savings from consolidated business operations.²⁴ With these claimed cost synergies and efficiencies, the Applicants commit to offer high-speed LTE-based fixed wireless local loop broadband service, which utilizes dedicated wireless spectrum, to 13 million customer locations, mostly in rural, underserved areas where AT&T does not provide high-speed broadband service currently.²⁵ The Applicants also commit to upgrade high-speed broadband with fiber to the premise to an additional 2 million customer locations.²⁶ The Applicants plan to complete these deployments within four years of the transaction closing date.²⁷ With this promised proposed broadband expansion, the Applicants state that they expect to offer broadband service to 70 million customer locations utilizing fiber, DSL, and in some locations, AT&T's LTE-based fixed wireless local loop broadband service.²⁸ In addition, the Applicants have pledged continued compliance with the Commission's 2010 Open Internet rules for three

¹⁸ *Id.*

¹⁹ *Id.* at 16-17.

²⁰ *Id.* at 23, 29-30.

²¹ *Id.* at 29-33.

²² *Id.* at 50. The Applicants claim that the combined company will provide stand-alone wireline broadband service with speeds of at least 6 Mbps, where feasible, at a 12-month price no greater than \$34.95 per month. *Id.*

²³ *Id.* at 50-51. According to the Application, the combined company will offer the same nationwide package prices for all customers, regardless of whether the customer is located inside or outside of AT&T's wireline footprint. *Id.* at 51.

²⁴ *Id.* at 34-39.

²⁵ *Id.* at 42-45. The Applicants claim to expect that the LTE-based fixed wireless local loop broadband product will perform as well as other wireline broadband services advertised at speeds of 15-20 Mbps. *Id.* at 43.

²⁶ *Id.* at 41-42. AT&T makes this commitment in addition to the fiber and Project VIP broadband expansion plans AT&T has already announced. *Id.* at 41-42, 50.

²⁷ *Id.* at 41, 45.

²⁸ *Id.* at 39.

years post-merger.²⁹ Furthermore, the Applicants state that the proposed transaction will not alter AT&T's plans to participate meaningfully in the Commission's planned spectrum auctions later this year and in 2015.³⁰

Applicants also assert that the proposed transaction will promote competition and will not result in any public interest harms. The Applicants contend that the assets of DIRECTV, primarily satellite video services, and AT&T, primarily broadband services and U-verse video, have limited competitive overlap.³¹ According to the Applicants, in the limited areas where horizontal competition exists between AT&T's and DIRECTV's video services, any loss of competition will be outweighed by the benefits of competitive bundled services.³² Applicants further argue that the combined company will have strong incentives to compete for stand-alone broadband customers, including significant competition from cable companies and other broadband providers.³³

TRANSFER OF CONTROL APPLICATIONS

The file numbers and call signs of the DIRECTV facilities that are the subject of the applications to transfer control to AT&T are listed in the Attachment to this Public Notice.³⁴ Interested parties should refer to the transfer of control applications for a listing of the licenses and other authorizations. Parties should be aware that additional applications may have to be filed to identify any additional licenses and other authorizations in the services noted. The Applicants have requested that the Commission's grant of consent to the transfer of control of the licenses and other authorizations include the authority for AT&T to acquire control of: (1) any licenses and other authorizations issued to DIRECTV or to its subsidiaries during the Commission's consideration of the Application and the period required for the consummation of the proposed transaction following approval; (2) applications that will have been filed by DIRECTV or its subsidiaries and that are pending at the time of consummation of the proposed transaction; and (3) any DIRECTV licenses and other authorizations that may have been inadvertently omitted from the Application.³⁵

EX PARTE STATUS OF THIS PROCEEDING

Pursuant to section 1.1200(a) of the Commission's rules,³⁶ the Commission may in its discretion modify the *ex parte* procedures in particular proceedings if the public interest so requires. As we have

²⁹ *Id.* at 51; *see also Preserving the Open Internet*, GN Docket No. 09-191, Report and Order, 25 FCC Rcd 17905 (2010) ("Open Internet Order"), *aff'd in part, vacated and remanded in part sub nom. Verizon v. FCC*, 740 F.3d 623 (D.C. Cir. 2014).

³⁰ Application at 51, n.166. Provided there is sufficient spectrum available, AT&T states its intention to bid at least \$9 billion in the Commission's forthcoming incentive auction. *Id.* *See also Expanding the Economic and Innovation Opportunities of Spectrum Through Incentive Auctions*, GN Docket No. 12-268, Report and Order, FCC No. 14-50 (2014) (adopting rules to implement the broadcast television spectrum incentive auction).

³¹ Application at 68-70.

³² *Id.* at 69-71.

³³ *Id.* at 80-82.

³⁴ *Id.* at Appx. A-C.

³⁵ *Id.* at 85-86.

³⁶ 47 C.F.R. § 1.1200(a).

previously announced, these applications will be governed by the permit-but-disclose *ex parte* procedures that are applicable to non-restricted proceedings under section 1.1206 of the Commission's rules.³⁷ Parties making oral *ex parte* presentations are reminded that they must file notices of the presentations that must contain, with regard to material already in the written record, either a succinct summary of the matters discussed or a citation to the page or paragraph number in the party's written submission(s) where the matters discussed can be found, and with regard to any new information, a summary of the new data and arguments presented.³⁸ Memoranda must contain a summary of the substance of the *ex parte* presentation and not merely a listing of the subjects discussed. More than a one or two sentence description of the views and arguments presented is generally required. All of the disclosure requirements pertaining to oral and written *ex parte* presentations are set forth in section 1.1206(b).³⁹ Requests for exemptions from the disclosure requirements pursuant to section 1.1204(a)(9)⁴⁰ may be made to Jonathan Sallet at (202) 418-1700 or Jamillia Ferris at (202) 418-2663.

REQUESTS FOR *EX PARTE* MEETINGS

All requests for meetings with Commission staff regarding this Docket should be made online, using the link at <http://transition.fcc.gov/transaction/att-directv-exparte-meeting-request>. Those who lack Internet access may direct their requests to Vanessa Lemmé, Media Bureau, (202) 418-2611.

GENERAL INFORMATION

The applications for transfer of control of the licenses and other authorizations referred to in this Public Notice have been accepted for filing upon initial review. The Commission reserves the right to return any application if, upon further examination, it is determined to be defective and not in conformance with the Commission's rules, regulations, or policies.

Interested persons must file comments or petitions to deny the Application no later than September 16, 2014. Responses to comments or oppositions to petitions must be filed no later than October 16, 2014. Replies to responses or oppositions must be filed no later than November 5, 2014. Persons and entities that file comments or petitions to deny may participate fully in the proceeding, including seeking access to any confidential and/or highly confidential information that may be filed under a protective order.⁴¹ Persons and entities that do not file petitions to deny, however, even if they file

³⁷ *Id.* § 1.1206; see also *Commission Opens Docket for Proposed Transfer of Control of DIRECTV to AT&T Inc.*, Public Notice, 29 FCC Rcd 6045 (2014).

³⁸ An *ex parte* presentation is any communication (spoken or written) directed to the merits or outcome of a proceeding made to a Commissioner, a Commissioner's assistant, or other decision-making staff member, that, if written, is not served on other parties to the proceeding, or, if oral, is made without an opportunity for all parties to be present. See 47 C.F.R. § 1.1202(a)-(c).

³⁹ *Id.* § 1.1206(b).

⁴⁰ *Id.* § 1.1204(a)(9).

⁴¹ On June 11, 2014, the Media Bureau released a Joint Protective Order governing the review of both confidential information and highly confidential information submitted by the Applicants and others in this proceeding. *Applications of AT&T Inc. and DIRECTV for Consent to Assign or Transfer Control of Licenses and Authorizations*, Joint Protective Order, 29 FCC Rcd 6047 (2014).

comments, generally may not seek reconsideration of the Commission's decision regarding the transfer of control of the licenses or other authorizations at issue or appeal a final decision to the courts.⁴²

To allow the Commission to consider fully all substantive issues regarding the Application in as timely and efficient a manner as possible, petitioners and commenters should raise all issues in their initial filings. New issues may not be raised in responses or replies.⁴³ A party or interested person seeking to raise a new issue after the pleading cycle has closed must show good cause why it was not possible for it to have raised the issue previously. Submissions after the pleading cycle has closed that seek to raise new issues based on new facts or newly discovered facts should be filed within 15 days after such facts are discovered. Absent such a showing of good cause, any issues not timely raised may be disregarded by the Commission.

All filings concerning matters referenced in this Public Notice should refer to MB Docket No. 14-90, and if they pertain only to specific applications or matters, to the specific file numbers of the individual applications or matters as well.

Comments may be filed using the Commission's Electronic Comment Filing System (ECFS). *See Electronic Filing of Documents in Rulemaking Proceedings*, 63 FR 24121 (1998).

- Electronic Filers: Comments may be filed electronically using the Internet by accessing the ECFS: <http://fjallfoss.fcc.gov/ecfs2/>.
- Paper Filers: Parties who choose to file by paper must file an original and one copy of each filing. Filings may be sent by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail. All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission.
 - All hand-delivered or messenger-delivered paper filings for the Commission's Secretary must be delivered to FCC Headquarters at 445 12th Street, SW, Room TW-A325, Washington, DC 20554. The filing hours are 8:00 a.m. to 7:00 p.m. All hand deliveries must be held together with rubber bands or fasteners. Any envelopes and boxes must be disposed of before entering the building.
 - Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9300 East Hampton Drive, Capitol Heights, MD 20743.
 - U.S. Postal Service first-class, Express, and Priority mail must be addressed to 445 12th Street, SW, Washington DC 20554.

⁴² 47 U.S.C. § 405(a); 47 C.F.R. § 1.106(b)(1) ("If the petition is filed by a person who is not a party to the proceeding, it shall state with particularity the manner in which the person's interests are adversely affected by the action taken, and shall show good reason why it was not possible for him to participate in the earlier stages of the proceeding."); 47 C.F.R. § 1.106(m); *Shareholders of Tribune Co., Transferors & Sam Zell, et al. Transferees*, MB Docket No. 07-119, Memorandum Opinion and Order on Reconsideration, 29 FCC Rcd 844, 847-49, ¶¶ 10-15 (2014) (discussing prerequisites for petitions to deny).

⁴³ *See* Section 1.45(c) of the Commission's Rules, 47 C.F.R. § 1.45(c).

In addition, one copy of each submission must be sent to the following:

1. The Commission's duplicating contractor, Best Copy and Printing, Inc., at fcc@bcpiweb.com, or (202) 488-5563 (facsimile);
2. Vanessa Lemmé, Industry Analysis Division, Media Bureau, at Vanessa.Lemme@fcc.gov, or (202) 418-2053 (facsimile);
3. Brendan Holland, Industry Analysis Division, Media Bureau, at Brendan.Holland@fcc.gov, or (202) 418-2053 (facsimile);
4. Christopher Sova, Competition Policy Division, Wireline Competition Bureau, at Christopher.Sova@fcc.gov, or (202) 418-1413 (facsimile);
5. Daniel Ball, Spectrum and Competition Policy Division, Wireless Telecommunications Bureau, at Daniel.Ball@fcc.gov, or (202) 418-7447 (facsimile);
6. Jim Bird, Office of General Counsel, at TransactionTeam@fcc.gov, or (202) 418-1234 (facsimile); and
7. Each Commissioner or Commission employee who attended or otherwise participated in the *ex parte* meeting.

Any submission that is e-mailed to Best Copy and Printing Inc. and the persons listed above should include in the subject line of the e-mail: (1) MB Docket No. 14-90; (2) the name of the submitting party; and (3) a brief description or title identifying the type of document being submitted (*e.g.*, MB Docket No. 14-90, AT&T Inc., *Ex Parte* Notice).

People with Disabilities. To request materials in accessible formats for people with disabilities (braille, large print, electronic files, audio format), send an e-mail to fcc504@fcc.gov or call the Consumer & Governmental Affairs Bureau at 202-418-0530 (voice), 202-418-0432 (TTY).

Availability of Documents. Documents in this proceeding will be available for public inspection and copying during business hours at the FCC Reference Information Center, Portals II, 445 12th Street, SW, Room CY-A257, Washington, DC 20554. The documents may also be purchased from Best Copy and Printing, Inc., telephone (202) 488-5300, facsimile (202) 488-5563, TTY (202) 488-5562, e-mail fcc@bcpiweb.com. The Application is also available electronically through the Commission's ECFS, which may be accessed on the Commission's Internet website at <http://www.fcc.gov>. Additional information regarding the proposed transaction will be available on the FCC's Office of General Counsel's AT&T-DIRECTV website, <http://www.fcc.gov/transaction/att-directv>, which will contain an unofficial listing and electronic copies of materials in this Docket.

Further Information. For further information, contact Brendan Holland, Media Bureau, (202) 418-2757, or Chris Sova, Wireline Competition Bureau, (202) 418-1868. Press inquiries should be directed to Janice Wise, Media Bureau, (202) 418-8165. TTY: (202) 418-2555 or (888) 835-5322.

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ATTACHMENT

Part 25 – Satellite Communications Licenses

Satellite Space Station Licenses

<u>File No.</u>	<u>Licensee</u>	<u>Name/Call Sign</u>	<u>Service Authorized</u>
SAT-T/C-20140611-00060	DIRECTV Enterprises, LLC	DIRECTV 4S (S2430)	DBS
		DIRECTV 7S (S2455)	DBS
		DIRECTV 8 (S2632)	DBS
		DIRECTV 9S (S2669)	DBS
		DIRECTV 5 (S2673)	DBS
SAT-T/C-20140611-00061	DIRECTV Enterprises, LLC	DIRECTV 8 (S2132)	FSS
		SPACEWAY 2 (S2133)	FSS
		SPACEWAY 1 (S2191)	FSS
		DIRECTV 11 (S2640)	FSS
		DIRECTV 10 (S2641)	FSS
		DIRECTV 9S (S2689)	FSS
		DIRECTV RB-1/14 (S2711, S2869)	17/24 GHz BSS and FSS
		DIRECTV RB-2/15 (S2712)	17/24 GHz BSS
		DIRECTV RB-2A/12 (S2796, S2797)	17/24 GHz BSS and FSS
		DIRECTV KU-79W (S2861)	FSS
DIRECTV KU-76W (S2888)	FSS		

Transmit/Receive Earth Station Licenses

<u>File No.</u>	<u>Licensee</u>	<u>Call Sign</u>
SES-T/C-20140611-00505	DIRECTV Enterprises, LLC	E020172
		E020241
		E020242
		E030105
		E030117
		E050112
		E050113
		E050121
		E050122
		E050255
		E060014
		E060236
		E060441
		E930229

		E930304
		E930485
		E950349
SES-T/C-20140611-00506	DIRECTV Enterprises, LLC	E010129
		E010130
		E010237
		E050229
		E050230
		E050286
		E060187
		E060188
		E060298
		E060299
		E070002
		E070023
		E070027
		E070073
		E070074
		E070111
		E070122
		E070123
		E080025
		E080026
		E080027
		E080028
		E080056
		E080057
		E090024
		E090025
		E090068
		E090069
		E090076
		E090107
		E090173
		E100079
		E100080
		E100119
		E100120
		E100121
		E100122
		E110004
		E120108
		E120109
		E120110
		E120148
		E130081
		E930191

		E980285
		E990159
SES-T/C-20140611-00509	California Broadcast Center, LLC	E020091

Transmit-Only Earth Station Licenses

<u>File No.</u>	<u>Licensee</u>	<u>Call Sign</u>
SES-T/C-20140611-00510	DIRECTV Enterprises, LLC	E050340

Receive-Only Earth Station Registrations

<u>File No.</u>	<u>Registration Holder</u>	<u>Call Sign</u>
SES-T/C-20140611-00507	DIRECTV Enterprises, LLC	E040179
		E040180
SES-T/C-20140611-00508	DIRECTV Enterprises, LLC	E980170
		E980341

Part 74, 87, 90, and 101 – Private Wireless Licenses

<u>ULS File No.</u>	<u>Licensee</u>	<u>Call Sign</u>
0006302429	DIRECTV Enterprises, LLC	WPTZ691
		WPZC401
		WQHM919
		WQIU946
		WQTE840
0006312383	DIRECTV Sports Net Rocky Mountain, LLC	WQPB424
0006302465	The DIRECTV Group, Inc.	71TV