Pro sports leagues will collect more than $7 billion this year from TV networks; the total will jump to $9.5 billion next year, with the NFL collecting more than half the total, writes analyst Tony Wible, in a report for Janney Capital Markets.

That works out to $13.38/month per cable TV subscriber, up from $10.10 a month -- or more if you count the inflationary effect of sports programming increases on other networks, Wible adds. Indeed, the sports networks together collect about 50% more than what Disney, TimeWarner and Viacom collect for all their other cable networks -- combined.

Why so much? Up to 90% of Americans watch at least some sports, Wible writes, quoting a CBS/Vanity Fair poll. Advertisers see live sports events as one of the few mass audiences still worth going after with the fragmentation of audiences brought on by the Internet and smartphones. But, Wible warns, the more cable companies pass these costs along to consumers in the form of higher bills, the more viewers will quit buying cable -- "setting up a potential vicious cycle" and pressuring non-sports networks in particular.

How long can rates go up before viewers say No or some rich, "disruptive" Internet company offers the leagues a better deal with less overhead for the middlemen? Tennis and pro wrestling already have straight-to-Internet broadcasting, and ESPN may start doing that with some Major League Soccer games. But Wible doubts there will be big changes to the way Americans watch sports until the current round of billion-dollar major-league deals expires in 2022-23. Meanwhile, Google and other online companies are exploring ways to buy and retail sports programming directly to consumers -- as are the pro leagues -- though viewers could soon find that's even more expensive than paying cable, Wible concludes. *philly.com*

AT&T has miles of copper wire and fiber-optic lines installed in homes and neighborhoods around the country, a platform with which to provide high-speed Internet service. But it has a paltry offering of video services. DirecTV, in contrast, has a big satellite television business but no broadband offering. That, according to the companies, is why regulators should approve their $48.5 billion merger, which would make them a formidable competitor to Comcast, which is trying to buy Time Warner Cable for $45 billion.
On Tuesday, antitrust panels in the House and Senate will conduct back-to-back hearings to examine the AT&T-DirecTV merger, featuring the chief executives of both companies and an array of public-interest groups, cable television rivals and academics.

The hearings — the House's in the morning, the Senate's in the afternoon — follow by a little more than two months similar investigations into the Comcast transaction. If Sprint and T-Mobile announce a rumored but unconfirmed merger this month, a third round of hearings is likely to follow. The animosity that flared up during the earlier hearings is likely to be more subdued on Tuesday, however. Unlike Comcast and Time Warner Cable, AT&T and DirecTV have not stirred the same passions among those who fear the growing power of cable and broadband behemoths.

But the companies are nevertheless likely to face some opposition. "This proposed deal fails the antitrust test, it fails the public interest test, and it raises many concerns," John Bergmayer, a senior staff lawyer at Public Knowledge who is a scheduled witness at the House hearing, said in a statement Monday. "AT&T and DirecTV directly compete in more than 60 local TV markets," Mr. Bergmayer said. "It's hard to accept AT&T's claims that buying a direct rival can be good for competition." **In a filing with the Federal Communications Commission**, AT&T and DirecTV said that "economic theory predicts that this transaction will put strong downward pressure on prices," particularly in the bundles of

cable-broadband-and-telephone services that are popular with consumers. But they do not promise to lower prices.

“The combined AT&T and DirecTV will be able to offer new and better service bundles, creating a stronger competitor to the cable bundle,” the companies said in the filing. “The savings and synergies made possible by this transaction will fundamentally and permanently increase the incentives of the combined company to expand and enhance its broadband networks.” A union representing television writers is expected to testify at the Senate hearing that the merger will negatively affect programming by cutting the amount of money available to producers of content. “It is a stated goal of the merger to reduce affiliate fees,” Christopher Keyser, president of the Writers Guild of America, West, said in his written testimony, referring to the portion of a consumer’s monthly cable payment that goes back to the programmer.

“It is those fees that have fueled the recent boom in creative programming — particularly on cable,” Mr. Keyser said. “Reduce those fees through the outsized power of monopoly — and the result is less creativity, less product, less innovation.” AT&T has already offered up some concessions in the hope of winning regulatory approval of its deal, which must be approved by the Justice Department’s Antitrust Division and the F.C.C.

The company said it would adhere to the F.C.C.'s Open Internet, or net neutrality, rules for three years after the closing of the merger, even though those rules were **struck down by a federal appeals court** early this year. The F.C.C. is trying to **draft new rules** on net neutrality, the concept that all Internet traffic should be treated equally by Internet service providers. AT&T also offered to sell its retail broadband service and video service as stand-alone offerings, available to consumers without making them buy a more expensive bundle of the services.

The combined companies also say they would expand broadband offerings to approximately 13 million rural customers who have no wireline service available. They would do so by offering what is essentially a home version of wireless cellphone service. Senator Al Franken, a Minnesota Democrat, was the fiercest critic of the Comcast/Time Warner Cable merger during a hearing on that deal before the same Senate subcommittee. He is expected to raise similar misgivings about the AT&T/DirecTV merger. “We’re moving toward an industry with fewer competitors — where corporations are getting bigger and bigger, and gaining more and more control over the distribution of information,” Mr. Franken said in May, when the AT&T deal was announced. “This hurts innovation, and it’s bad for consumers, who have been getting squeezed by higher bills.” *New York Times*

Amazon.com Inc. has reversed a halt on preorders of movie discs from Time Warner Inc.'s Warner Bros. studio as the two sides near a resolution to a pricing dispute, according to people familiar with the matter.
Preorders of forthcoming Warner DVD and Blu-ray releases like "Transcendence" and "300: Rise of an Empire" are again being offered on Amazon.com. Amazon withheld preorders of those titles and some other popular films over the past few weeks as a negotiating tactic with the movie studio.

Amazon has long used the tactic to gain leverage with certain suppliers. Most recently, Amazon blocked customers from preordering many books from the Hachette Book Group unit of Lagardere SCA, and delayed shipment of others during talks with the publisher. Amazon had been seeking more favorable financial terms from Warner, according to a person familiar with the matter, though the exact details were unknown. Tough negotiations between Amazon and Hollywood studios have occurred several times in the past, but Amazon never before took the step of blocking preorders, people involved in such talks said.

Amazon typically sells DVDs with little, or no, profit margin because it competes with

stores like Wal-Mart and Best Buy that sometimes price new releases below their wholesale cost to attract foot traffic. Unlike with Warner, Amazon's Hachette spat appears likely to be sustained. Amazon said last month it expected protracted talks, perhaps in part because the terms Hachette reaches are likely to have broad implications for the broader book-publishing industry. Amazon said the negotiations with Hachette were in the long-term interests of customers, suggesting it was seeking lower prices that it could pass along to consumers. "Negotiating for acceptable terms is an essential business practice that is critical to keeping service and value high for customers," Amazon said in a posting on its website about the Hachette dispute. *Wall Street Journal*