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AT&T Inc.'s proposed $48 billion acquisition of DirecTV Inc. is the only way the two companies can stay competitive in the highly consolidated broadband and pay-TV industries, the companies' chief executives told members of the U.S. Congress on Tuesday. Lawmakers have no official role in reviewing the deal, which the Federal Communications Commission and Justice Department must approve. But members of Congress still have influence and plenty of opinions.

In the first of two Capitol Hill hearings on the merger on Tuesday, before a House Judiciary subcommittee, lawmakers generally appeared supportive of, or neutral toward the transaction. Questions were more pointed at an afternoon hearing before a Senate Judiciary subcommittee, with lawmakers voicing concern about the deal's impact on competition in the pay-TV market.

AT&T CEO Randall Stephenson and

Philadelphia Inquirer **Op-ed: A whole new Pa. legislature**	DirecTV CEO Michael White argued that neither company on its own can offer the bundle of video, voice and broadband that customers increasingly seek. They said the deal was their only option in the face of the proposed merger of the nation's two largest cable and broadband companies, Comcast Corp. and Time Warner Cable Inc. Lawmakers at the hearing were noticeably less confrontational than at an April hearing that examined the Comcast-Time Warner Cable deal. A few Democrats at both hearings expressed skepticism that the deal would benefit consumers, but they were balanced by support from Democrats with strong ties to organized labor. Mr. White said that while DirecTV has 20 million subscribers, the company's growth has slowed in recent years because it can't offer viable broadband Internet service to compete with cable companies. "Bundles have largely replaced pure video. Video itself has combined with the Internet to satisfy customers' demands for more video on demand," Mr. White said. "Our competitors' advertising highlights our lack of an Internet offering and their speed advantages." Mr. Stephenson said AT&T struggles to compete in the pay-TV market because it must pay much higher fees to programmers than larger players like DirecTV and Comcast. Mr. Stephenson said AT&T doesn't actively promote its pay-TV product U-Verse because it isn't profitable at present, and it uses the TV product as a marketing tool for its broadband service by bundling them together. He also said that, at best, AT&T's TV service could cover a quarter of the country. Mr. Stephenson argued that unlike Comcast and Time Warner Cable, AT&T and DirecTV offered complementary products that if combined would offer consumers better value. Should regulators approve the merger, Mr. Stephenson said, the opportunity to pay programmers the same rates that DirecTV pays because of its size would change the economics for the U-Verse service and allow AT&T to build out the service further. AT&T has also committed to offering high-speed broadband to 15 million new customers if the merger is approved. Two million will receive high-speed fiber-optic connections directly to their homes, while another 13 million mostly rural residents will be targeted with so-called high-speed, local-loop wireless networks that can deliver speeds of 15 to 20 Megabits per second. Mr. White and Mr. Stephenson said broadband expansion would take billions of dollars in capital investments and create jobs deploying the new networks. "It's expensive to rewire America," Mr. White said. Many members of the House subcommittee appeared positive toward the transaction, with the Republican chairman of the panel, Spencer Bachus of Alabama, lauding AT&T's substantial investments in its domestic network and the top Democrat, Hank Johnson of Georgia, praising AT&T for its unionized workforce. A notable exception was the full committee's top Democrat, John Conyers of Michigan, who questioned whether more consolidation was the best remedy to concerns about the cost of programming. "Question: where does it end?" Mr. Conyers asked. "We are concerned that there may be too much and too rapid consolidation in the telecommunications industry." Members of the Senate were more cautious about the deal, with several voicing specific concerns about the deal's effect on consumers, especially in rural areas. Sen. Amy Klobuchar (D., Minn.), who chairs the subcommittee, said the deal may reduce pay-TV competition in markets like Dallas and Atlanta where AT&T offers U-Verse. Sen. Al Franken, also a Minnesota Democrat, said he's not sure that consumers actually want their TV and broadband service bundled together. Sen. Richard Blumenthal (D., Conn.) was unimpressed when Mr. Stephenson wasn't willing to guarantee lower pay-TV prices for consumers, saying only that future price increases may slow down. "At best you're telling us [the merger] would slow the rate of increase" for prices, Mr. Blumenthal said. "I think at best a lot of consumers would find that answer unsatisfying." *Wall Street Journal*

Google Inc. is to unveil a new television set-top box on Wednesday as it races Amazon.com Inc., Apple Inc. and others to control digital content in the home.

During its developer conference Wednesday, the search giant plans to show off at least one small set-top box that resembles products like the Roku, Amazon's Fire TV, and Apple's Apple TV, according to two people who have seen the device. Google's device will carry another company's brand, but will be powered by Google's new Android TV software designed to play movies, games and other content on televisions, the people said. Users will be able to control the box using Android smartphones or tablets, and potentially other devices. A Google spokeswoman declined to comment.

The details suggest that Google's television strategy will be similar to its smartphone strategy, providing key software to hardware makers to power their devices. Google has said it would follow the same playbook for wearable devices like smartwatches, the first of which are expected to be shown off at the conference. Those will be powered by another flavor of Android software called Android Wear. It isn't clear if Google plans to design its own version of a set-top box running Android TV similar to its Nexus line of smartphones and tablets that are powered by Android.

Each Android device presents another opportunity for Google to display ads, its primary way of generating revenue. To support its new operating systems like Android Wear and Android TV, Google needs to court software developers to build apps that will appeal to consumers. This won't be Google's first effort at a set-top box. Since 2010, it has offered Google TV through device makers such as Logitech, Sony, Vizio and Asus. In 2012, it introduced the Nexus Q, its own streaming-media player, which never made it to the mass market.

Google's one successful TV play has been the Chromecast, a $35 dongle that lets users stream Internet video using smartphones, tablets and computers running the Chrome browser as remote controls. The Android TV pitch is expected to include a focus on videogames, which are among the most popular apps on smartphones.

One key feature according to a developer who has been briefed on Google's plans will be games that work seamlessly between mobile devices and televisions. For instance, a user playing a game on an Android smartphone while commuting might be able to resume the game on an Android-powered television at home. Android games and other apps built for TVs are also expected to take advantage of larger screens, for instance split-screen, multiplayer games will be offered according to a person who has seen one such game being developed. *Wall Street Journal*