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U.S. lawmakers grilled AT&T Inc and DirecTV on Tuesday over a proposed merger that some Democrats and public interest groups fear will result in higher costs and less competition.

The chief executives of the No. 2 wireless carrier and the largest U.S. satellite TV service provider testified about their proposed \$48.5 billion deal at hearings in the House of Representatives and the Senate, and said the scale the merger would allow them to save on the high costs of negotiating rights to video content.

But there were some tough reactions in Washington.

"I am very, very skeptical as a senator, not just as a consumer," senator Richard Blumenthal, a Democrat from Connecticut, said at a hearing by the Senate Judiciary Committee's antitrust panel.

Blumenthal asked AT&T CEO Randall Stephenson whether he could commit to pass on the savings from lower content fees to consumers dollar-for-dollar.

"No sir, I can't," Stephenson said, but added he hoped the merger would result in slower price increases for consumers.

"One would have to believe in the market and the market pressures, and that market pressures will compete margins away and cost savings will find their way into prices."

Michael White, DirecTV's Chief Executive added that he expected customers to see better value bundles.

"It's pretty hard to commit to lower prices on pure-play TV because of the price of content," he said.

The companies say their merger would also allow them to better compete with cable companies and provide improved Internet service to rural areas.

But representatives of content producers and smaller cable operators spoke out against the deal, saying the combined company might wield too much power over the creation, distribution and costs of programming.

The AT&T/DirecTV merger is one of several roiling the cable and wireless industries. Consumer advocates are worried that consolidation might result in fewer choices and higher prices for consumers.

The others mergers are Comcast Corp's \$45.2 billion bid for Time Warner Cable Inc and Sprint Corp's potential bid for T-Mobile US Inc.

The Justice Department, which ensures mergers comply with antitrust law, and the Federal Communications Commission, which has a broader public-interest standard, will have to approve the deal. Lawmakers, although influential, do not have a formal role in deciding the fate of deals.

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Earlier on Tuesday, Stephenson also told House Judiciary Committee lawmakers that AT&T's proposed purchase of DirecTV does not compare with other mergers that are shaking up the telecommunications industry because the companies largely provide different services.

Comcast, however, has stressed that its bid for Time Warner Cable would combine two companies that serve different markets, while AT&T and DirecTV overlap in serving about 25 percent of U.S. households. – *Reuters*



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