

## Tom Jensen

Interviewed by Hilary Hilscher

November 10, 2001

### Tape 1, Side A

Hilary: So, I'm talking with Tom Jensen on the 11<sup>th</sup> of ...on the 10<sup>th</sup>...

Tom: 10th, yeah.

Hilary: Of November.

Tom: At my age don't take a day away.

Hilary: 2001.

Tom: As we spoke of before, one thing unique about this industry is that the technology is always well ahead of the economics and the regulation. And in about the late 1970s, it became apparent -- like '78, '79, '80 -- it became apparent that technology had made available all sorts of new opportunities in telecommunications for customers. But the problem was with the monopoly-type systems, where all the investment was sitting, and you have so many years to amortize it, there was no incentive for the monopoly companies to go out and install and (bring) to market the new technology, very little incentive because they already had a locked-in audience. They had a guaranteed rate of return.

So competition became a real entity. That was the federal government, the Federal Communications Commission's, solution to the problem. To push the new technology let's introduce competition into the long-distance marketplace. For more than 100 years telephones had been the monopoly. All of a sudden, overnight, competition was allowed. That was one way to manage it.

The customers were ecstatic. The first reason, I think, is just that most people are antimonopoly even if the service you're getting is good. Even if you know the people that are providing the service are your friends and neighbors, there is still something in the back of your head, "Gosh, I don't have any choice. There is something wrong with this. This isn't the American way."

I cite as an example some of the speeches I made over the years. That is how the phone companies were perceived. There was a motion picture entitled, *Fun with Dick and Jane*. It starred George Seigel and Jane Fonda about a young couple who had bought the American way, mortgaged themselves to the hilt, maxed their credit cards, and lived in a beautiful house, had a swimming pool, everything was just perfect. And then they had to start paying the bills and they didn't have the money. Slowly but surely they are going

bankrupt. They need more revenue. So they took up robbery. Now again this is armed robbery. This is a comedy, so done tongue in cheek, but one of the robberies they performed to get the extra revenue... they walk into the local phone company with masks on, point a gun at the teller and say, "This is a holdup." Now there are 15 people there waiting in line to be serviced. They all back up and applaud.

That gives you an idea of how the phone company was perceived. Good, bad, or indifferent. So when competition was introduced the public embraced it. Competition came to Alaska in the form of General Communications, Inc. about 1980, filing for long-distance certificates to provide some service. Alascom was the monopoly carrier. It was required as such to provide service everywhere regardless of whether it paid or not. The concern from the Alascom perspective was, "We'll build this network, we'll maintain it, we'll operate it and then these competitors come in they can pick and choose which is what they were allowed to do, where they want to go, and where they want to serve, and they'll use us as the backup. They don't even have to build a redundant network as Alascom was required to do."

So there was an awful lot of political jousting, a lot of conversations taking place in legislative halls. Be that as it may, competition was a reality and it started. Once it started, it also started pushing the new technology into the marketplace. The competitor would bring it online first because they had no investment in past technology. Once it was introduced and the customers liked it, the incumbent Alascom had no choice in order to compete but to bring on some of that new technology.

And I'm talking about basic things. Up until about 1980, you could have any telephone you wanted as long as it was a black rotary-dial phone. I mean, if you went to somebody's house and they had a pink princess phone on the coffee table -- that was uptown, that was the latest. I mean, you couldn't get more modern than that. Things moved in rapidly after that. You could have a phone in your house. You could then have cordless phones in different rooms. And you could actually walk from room to room without dragging a cable, tripping over it and have conversations. You could have a phone in your garage. You could walk out in the backyard. My gosh, no one ever heard of that.

So that type of technology, as the customers got used to it, became very popular and forced the incumbent into the same marketplace pushing the new technology. At the same time, other technologies that had been there for the business community became available for the home user. I think of things like email as we know and love it today. Initially email was just within corporations, but sooner or later somebody figured out, "Hey, you know, I'd like to work at home on Wednesdays or Thursdays. Why don't we put a terminal out at my house. Isn't there a way through the phone lines we can get that to work?" And they could.

Hilary: Well and fax. I mean, even when fax came in that was a new technology.

Tom: Facsimile was the same thing. Email the same thing. Voice mail, which some hate to this day, and some think is a real boon.

Hilary: Voice jail, yeah.

Tom: It's there. It's a reality. So those technologies moved into the marketplace. And as GCI continued to compete in Alaska, initially they were after the larger customers, the business customers where the most revenue was. At the same time that was going on, Senator Stevens and our congressional delegation said, "You know, there's something bad about the fact that living in Alaska we have to pay 10%, 20%, 50% more for telecommunications, long distance services, than our friends in the Lower 48." And the premise for the argument was that satellites are distance-insensitive. A call that goes up to a satellite and down doesn't make any difference whether it goes from Fort Yukon to New York or... from Chicago to Los Angeles. The senator won his argument. And the Federal Communications Commission ordered what was called rate integration.

The way telephone billing was handled back then in Alaska -- and again we're still at the late 70s, early 80s -- is that Alascom sent all of its traffic south and AT&T distributed it nationwide. AT&T sent all of its long-distance traffic to Alascom and Alascom distributed it statewide. And at year end they would square up and you'd look at what the real cost were for AT&T to distribute traffic, the real cost for Alascom to distribute and it always came out to Alascom's costs were higher because they were in Alaska (where the network had lots fewer customers but a lot more miles, lots more handicaps. As a result AT&T ended up subsidizing the Alaskan customer to the tune of anywhere from \$70-to-\$90 million a year. Now that money didn't go into the cash register or didn't go into the profit column for RCA Alascom. It went into the operation of building new network, expanding and so forth 'cause Alascom was still regulated. The maximum they could make was about 10% return on the investment. They couldn't... if they made excess profits they would have been forced to lower rates.

But AT&T and many people aren't aware that (they) actually subsidized the state of Alaska for many, many, many, many years. As that progressed, and as GCI became more aggressive and got more and more into competition and started building in select cases their own earth stations to reach the satellite and provide service and quit reselling Alascom services, competition heightened. Quality of service or the level of service increased tremendously. Whereas in the old days, if it broke, well, we'll fix it temporarily until we get around to fixing it permanently. That doesn't go when you're in a competitive environment. It does when you're a monopoly but not competitive. So the quality of service increased and customers came to expect that as the norm as opposed to, "Gee, what a special deal that is."

So we moved into the arena in about 19 -- oh, we went through the 80s with competition. It got real heated. Lots of money was spent nationwide. I know: I was running the advertising campaign for Alascom. There were years we spent \$4 or 5 million dollars a year in advertising. In Juneau I spoke several years ago to the publisher of the Juneau

paper. At the time it was Jeff Wilson. And Jeff showed me his brand new building, the brand new Juneau Empire Building, and as we walked through the front door he said, "Now this side of the building we refer to as the Alascom wing 'cause you guys paid for it during the phone wars with all the advertising you bought, and this is the GCI wing. They paid for it with all the advertising they bought." He said, "We could use another phone war because we like to expand the building." But, I mean, the sad part about that is this: All the money was spent on Alascom's part to retain the existing customer base and on GCI's part to get new customers. And in the process, each company came up with new packages, new advertising gimmicks, new ideas, and the customer sat out there trying to figure out what was going on. It was the most confusing time. I did it for a living and it would confuse me at times. I can just imagine what it was like to the normal customer, the average customer trying to figure out who do I want to buy from. It just got crazy.

Some things were introduced obviously as promotions that are still here today. Alascom introduced a program -- and to my knowledge it was the first ever in the nation -- the-mile a-minute program. It was done right here in Alaska with Alascom and for every minute you spoke long distance, you got one mile on Alaska Airlines. Since then of course, it has taken off. Carriers all over the nation use those kinds of promotions and not just for phone companies. Now it has to do with people staying in hotels, renting cars, etc. and so forth. But it was extremely successful for us. Now if you sat down and thought about it, you needed about 20,000 miles to get a free round-trip ticket. Twenty thousand minutes is a long time to talk on the phone, but that wasn't what hooked the customers. It was just something extra, something for nothing. They didn't have to pay for it. They got mileage in other areas and it was tough for the competitor to beat that.

They made a couple of runs trying to get a like program and Alaska Airlines said, "No, we have signed exclusively with this carrier and that's the way the contract is." But that's still around today. It has now gone from a mile-a-minute to a mile-a-dollar so it has changed, which means it is worth about seven times less.

Hilary: Was that your idea the mile-a-minute one?

Tom: Did I what?

Hilary: Was that your idea?

Tom: No. (It was) Mike Nichols, actually, the vice president of marketing, who came up with the idea at the time and then we implemented it. So you had all of these gimmicks: buy this and I'll throw that in, and do that and I'll do this other thing, and the poor customer just got confused. And that continued on through the 1980s. And as the 1980s progressed, this rate integration that I spoke of also progressed. And while AT&T was subsidizing Alaskan customers, they were also -- we were allowed in Alaska to lower rates because of that subsidy. As I mentioned, we got the money and so calls... and I can honestly remember when a call to the Lower 48 was as much as \$10 a minute. Calls, all

of a sudden, came down to less than a dollar a minute in some areas, which was unheard of.

Hilary: When did that happen?

Tom: It (occurred) between about 1984 and '88, and by 1995 it was done.

Hilary: And was that because of the...Alascom just asked for the lower rate?

Tom: It was part of what our congressional delegation did in this thing called rate integration. The idea was over a time certain frame to bring Alaskan rates in line with Lower 48 rates. And of course AT&T, which was paying the bill for the difference, said, "We can't do that all in one year." So it phased in. One year there was a 15% reduction. The next year 20% of what was remaining. The next 15 more and so forth.

Hilary: Which didn't of course lessen their commitment. They still had to pay money.

Tom: They still had to pay the difference.

Hilary: And Alaskans got the benefit?

Tom: That's correct. So again, it was a question of where Alaskans really benefited from being way up here, away from everything else. One thing that kind of sticks -- and I don't know how you want to handle this in your book because you know... but... One of GCI's hooks is (how) they competed: "Look what we did. We came to town and we have lowered your rates." Never said quite like that, but the implication was: since we got here your rates have come down 10%, 15%. You know, we've brought competition to Alaska. Yes, they did. (But) they had nothing to do with lowering of rates. It was done by federal mandate and because AT&T was ordered to pick up the difference. Now, from the marketing perspective they did a great job. Taking credit for something very carefully and brilliantly. Weasel-worded it just right.

But if you go out into the street today and ask how come rates came down, most people say, well, because competition came. It had nothing to do with competition, never did. But you couldn't make that argument any more than you could make the argument standing up in front of a group of people and saying competition isn't any good for Alaska. You can't. It's un-American. So Alascom learned that a long time ago or early in the process and just gave it up. I mean, even though it cost us money and it cost us market share. Rate integration finally culminated in about the early mid-90s. And at that point, the AT&T contract where AT&T was subsidizing -- paying the difference -- also expired. When Alascom went to re-negotiate that agreement, AT&T said, "Look, we have no incentive whatsoever to do this now. There are several carriers in your state, not just GCI, but Sprint is now doing some business up there connecting with local companies, so are others, and we can't afford it."

So all of a sudden you had two carriers in the state of Alaska, AT&T and/or Alascom and GCI, and AT&T had been (spending) \$90 million -- up to \$90 million a year -- to subsidize (Alascom) and they say, "Why are we paying these people? Why don't we just buy the company and pay ourselves?" And they did. Now when I say, "They did," that was a factor of many things. One (was) the RCA Corporation and then PTI which bought out RCA and Alascom. We're looking at their investment, the return on the investment, how tight the marketplace was, and it was the right time to sit down and talk about sales. So they did. And in 1995, August of '95, AT&T took over Alascom and (Alascom) -- as we knew and loved it all those years it -- disappeared. They kept the same workforce mostly. The only real serious mistake they made is they didn't retain me, but that was their problem, not mine. But they kept basically the same workforce, the same network, and they're here today.

Now they have cut back considerably as competition has sharpened and (they) have got to cut back costs. So now you have AT&T and GCI competing for the long-distance dollar. Then on the heels of that, in 1995... in 1996 the Federal Communications Commission said competition works so well on the long distance side, let's do it locally.

In February of '96 the Communications Act of '96 was written, which allowed, for the first time ever, competition for local telephone (service). So we have been in that now for going on six years. As when competition was allowed in long distance, (we've seen) a lot of growing pains. New technology is being introduced. Some works. Some doesn't. Advertising nationwide: you can't turn on a television set and watch any program from anywhere that doesn't have a communications commercial in it some place, be it wireless long distance, local, computers, Internet. It's all tied together. And it is all a result -- or partially a result of the introduction of competition on the local side.

And the same holds true: that technology is moving faster than the regulators and the economy (can) keep up with it. I'll give you a very simple example. In Anchorage, Alaska, the local phone company has multi-millions of dollars worth of fiber cable buried in the ground and it has a certain time in which it can amortize that. What is the motivation for that company to go out and buy the new wireless systems? And then just write off, "eat it" if you will, and take as a loss the investment they made over the years in this wire plant? Well, the motivation isn't there. However, with competition staring down their throat and others coming to town offering broadband service, wireless through the air, (and) fiber optic service, the local company was -- in fact -- forced to get into that arena and now has lots of fiber, lots of wireless service, and so forth. The customers are still in the same boat. Confused. They just think they've got it figured out and then one of the companies comes up with a new package that has this, that, and the other... but not what it was but what it is going to be.

Again I get up every morning as I look in the mirror and shave I say to myself, "Gee, I wonder what changed today." You know, every day you come to work it is like putting on a different hat. You're not sure what you're going to be.



Hilary: And through your history with Alascom the ownership changed. Talk a little bit about that.

Tom: Well, let's see... When Alascom sold and it sold to AT&T... PTI, was the owner that had sold Alascom, kept the ownership of its local company so it had local phone companies in Alaska.

Hilary: Go back a step to RCA.

Tom: Okay.

Hilary: RCA owned Alascom.

Tom: RCA bought Alascom from ACS (Alaska Communication System) back in '69, closed the deal in '71.

Hilary: Right.

Tom: And took over. In 1979 RCA got out of the business and sold its company to what was called Telephone Utilities. No one had ever heard of them. Small little company that was owned by Pacific Power and Light out of Portland, Oregon. Well, Telephone Utilities became PTI, Pacific Telecom. It acquired the Alascom network. It also acquired local telephone networks within Alaska and the Pacific Northwest. In Alaska it bought the Sitka Telephone Company, everything in the Juneau-Douglas area, everything on the Kenai Peninsula. And so it became a pretty good... and about 40, 50 rural exchanges. So it became a big player in the local side. Plus it also owned the long-distance side. Then again, when PTI sold Alascom in '95 to AT&T, it maintained its ownership on the local side.

Strangely enough, from the very beginning of all that, a fellow by the name of Chuck Robinson was right in the middle of it. Chuck Robinson came to Alaska in the early-to-mid-50's, was working under a government contract in Bush Alaska and was instrumental in negotiating the deal where RCA corporation purchased the ACS network from the military. Chuck then went to work for RCA Alascom and over a period of time became its Chief Executive Officer.

When RCA sold the company, Chuck took over as Chief Executive Officer for PTI on the Alaskan properties and ultimately took over as Chief Executive for all of PTI. So when PTI sold its long distance arm, Chuck was still in the driver's seat in that he was still the CEO of PTI properties in Alaska and the Northwest and mainly the locals in Alaska. When PTI sold its Alaskan properties, actually it sold nationwide including Alaska, to a company called the Century Telephone out of Monroe, Louisiana. Century had hired Mr. Robinson to oversee their Alaskan properties because they had no knowledge of Alaska.

And let me pause here and give you a couple of anecdotes. Century telephone is one of the fifth or sixth largest independent local phone companies in the nation. Family-owned

operation although they have gone public. But, I mean, it is still family-owned and operated and managed. They didn't understand Alaska. They got Alaska because it was part of the PTI national network and when I say they didn't understand it, I'm not exaggerating.

Sitting at my desk one day – because I was working for this company – it occurred to me I needed about \$10,000 for sponsorship money to sponsor a snowmachine race that was extremely popular in the Fairbanks market area. Competition existed. It was very lively up there and so we wanted to be a signature sponsor of this snowmachine race. I had not included that in my budget earlier so I emailed to the corporate headquarters in Monroe a request for an additional \$10,000 to sponsor a snowmachine race. I received a telephone call the next day. They didn't even email back they were so concerned. They wanted to know how it was that we all raced those things we cleaned our driveways with. They didn't know what a snowmachine was and I guess they shouldn't. They lived in Monroe, Louisiana, so they had pictures of big snowblowers out there running up and down the hills.

It was obvious that Alaska was not their choice of theater to operate in and within about a year, year and a half, they sold their properties to a company called ALAC. ALAC, strangely enough, was a privately sponsored venture put together with Chuck Robinson. ALAC became ACS within a short period of time -- Alaska Communications Systems. And the difference by the way is its “communications” plural and “systems” plural as opposed to the old ACS. But part of the title was sentimentality because Chuck had worked for the old ACS network back in the 50's and this is what he had built, you know. And now we had one that was complete with systems and we're into all of it. We are into long distance, local, Internet, wireless, you name it – we've got our fingers in it.

We have slowly but surely through Alascom, or through ACS, acquired about 90% of all the local telephones in the state of Alaska. So we provide the last mile of service to 90% of the phones and we compete in the Anchorage market head-to-head with AT&T and GCI and, most recently, TelAlaska has filed, saying they want to get into the marketplace, and I think others will for local dial tone. The commission that regulates us has said that they will allow for full open competition in Fairbanks and Juneau. We are moving forward working with GCI at this point, and AT&T, to provide the services they need to compete but at the same time we are in two different court systems -- federal and state -- arguing about those two marketplaces and the orders that we got. Again, it is the question of the technology is there to do it -- but are the revenues there? The finances there? And the regulators? Are they there at the right time and right place for the benefit of the customers?

As we sit here and talk today, (here's) something that is rather interesting to note. Last year, the year 2000, and well... 2000. Of the three major players – AT&T, ACS, and GCI: AT&T (although they don't record Alaskan numbers) if you recorded their business up here as others do with their own books, they lost somewhere between \$15 million and \$20 million dollars. GCI announced about \$16 million in the red. And my company was



\$20-plus million in the red. Well, here we have a marketplace that is fully competitive on the local and long-distance side – and all three of the players are in the tens of million dollars in the red. I'll let others speculate as to what that might be but I suggest possibly over-regulation has something to do with that, possibly the underpricing of product has something to do with that and possibly there are too many vendors and not enough customers might have something to do with that.

So Alaska now sits in a position where it has the opportunity to benefit from all of the telecommunication technologies. The question is: are there going to be enough companies around to offer them to them?

Hilary: When competition was first coming in -- and this was the 80's and you alluded to it earlier -- that was a tough time. It was a mindset change that was required, I think, by a lot of people in the company.

Tom: You bet.

Hilary: And that was a hard period.

Tom: It became personal. It wasn't just business. I mean, the advertising became personal and there were ads on the air that were just... Usually an advertisement is pro whoever the company is that is advertising it. We saw a lot of advertising, which was anti the competitor. It was almost like a political campaign. It got ugly and personal and a lot of feelings were hurt and a lot of nasty things were said. Not only in the media but face-to-face at various gatherings around the state.

One of the problems, and again it relates to the technology keeping pace or the finances and the regulations keeping pace with the technology, but the way communications went to rural Alaska was basically by government mandate. Private enterprise had no interest in going out there because there wasn't money to be made at all. You could spend... I use Shishmaref as an example. We had a half million dollars invested in an earth station in Shishmaref and on a good year you'd see maybe \$25,000 to \$50,000 return. Well, it doesn't take a financial wizard to figure out that's not where you want to place your investment dollars. But with a monopoly, a regulated monopoly, you could do that and then average rates and others in the higher populated areas pay a little more than it really cost, and they kept the Shishmaref on.

When competition came in, you couldn't fathom how can you... If Shishmaref doesn't pay for itself today, how can you possibly put a like system right next to it, and split the customer base, assuming both companies get 50% of the market. It's going to be even worse than it was before. Now there are government subsidies built in and so forth, but even so... that was the first mindset problem you had to figure out how to get out of. As the cost of communications long distance dropped, there was less revenue to be made. I mean, where we laughed and giggled about walking around with bags of quarters in the Bush back there in the 70's, nowadays if you had that type of system, you could walk

around with bags of pennies -- I mean, literally. You can buy long-distance calls now at seven cents, seven-and-a-half cents a minute.

Hilary: Well, not only have rates gone down but the cost of technology has gone up.

Tom: In today's dollars, yes, it has. It has. So it is interesting to see how it is coming together. Several things are constant. Again I'll go back and harp on (how) technology always moves faster than economics and regulations can keep up with. Customers still want more, want better, want faster, and want cheaper. That hasn't changed at all. And as long as there is somebody out there willing to make that offer -- not necessarily provide the service, but make that offer -- they'll get customers.

Now, an example of where technology got ahead of itself and created some problems recently occurred in the Anchorage area as well as in the Lower 48. And I'm not picking on AT&T, but they decided to get into the broadband wireless business, as opposed to using existing copper cables or fiber. And so they had about six test markets. Anchorage, Alaska, was one where they came in and blitzed it with a campaign that (said), "You let us, AT&T, put an antenna on your house and you can have local phone or long distance, Internet, all of it wireless. You don't need any cables. (It's) all through the same system. It's just really wonderful." And people signed up. AT&T has a tremendous name in the industry. Well, it didn't work. It isn't working as well as they had hoped to the degree...

Hilary: In what way?

Tom: Example: and this -- I'm not picking on AT&T -- but they go out to your home. They do a site test to make sure the signal strength is strong enough so that when they hang this little antenna on your house, they can get it. Last fall, they go to some fellow's house. They do the test. Everything works fine. All winter long he has got good service -- fax, data, Internet, local, and long distance. Then spring comes and the trees grow leaves. Well, that breaks down the signal, so it isn't working as well and his computer speed slows down and his faxes aren't coming in quite right and sometimes he has trouble transmitting long distance talking on the phone. So he calls for help and they come out and they say, "Oh well, you got to get rid of those trees."

Well, first of all some of those aren't his trees. They're on his neighbor's lot. Probably get in a lot of trouble if you go over there in the middle of the night and chop down your neighbor's trees. So they had some technological problems that, to the degree, that they have withdrawn totally from the Anchorage market. They are out. They are right now making the names of their -- they are putting their customers in contact with the other companies and turning off the service and they will pay to switch their customers to the other companies because they have shut it down. They are not going to market it. They have done it here in Anchorage and I believe there are two other Lower 48 locations (where) they have done the same thing. So it is a case where the technology was there, but it wasn't quite fine-tuned enough that it would really do everything they had hoped it would do but they went out and sold it anyway because customers were ready for it. And

now the people who are suffering in this (market) and are angry are the customers. And I've got to tell you, we're talking to some of those people, and when we come through the door and say, "Okay, that didn't work -- but this one will." They say, "You better be right this time." It is tough.

## **End Tape 1, Side A**

## **Tape 1, Side B**

Tom: This may be out of sequence but it is what is going on today in the competitive market, not only in Alaska, but in other states (too) on the local side. I am the incumbent carrier. At ACS, we are required to provide local dial tone and 911 access to any and all customers in our service area and so we do that. I mean, that is what our license requires. What we get in return is that we have the rights to serve everybody. But competition in the marketplace now also allows the competitor to come in and pick and choose individual customers by circuit, and buy them at my switch where they lease that circuit from my wire center -- my switch -- out to that customer and they lease them at a cost right now that is in contention in the court systems where we lose about \$35 per month per customer at the lease rate they are paying.

Where that creates problems down the road is (this): a new subdivision is being built in town in my service area and they say, "We now want telephones." And I look at that subdivision and say, "Well, let's see. I've got to come all the way out from the wire center to you because I don't have enough facilities. Instead of maybe \$100,000 to connect your 100 homes in that subdivision, it is going to cost me \$500,000. I'm not going to do it." Because if I put \$500,000 into that subdivision, my competitor can walk in right behind me and lease it at \$13 a month instead of the \$40 a month that I generally get off of that circuit and I lose the revenue. So what we are providing in some of those cases -- as an alternative that gives them dial tone and gives them 911 access -- is wireless service, cellular technology. It meets the criteria. It does what we are required to do, but (number) one: it doesn't give them the Internet at all or it gives them Internet at such a marginal slow speed it is just ridiculous. And number two; it also -- besides the Internet problem... the facsimile they have a problem with and there is a limitation to the number of phones you can hang on that wireless link in your home, up to six, but some people have eight, ten phones in their home and want them.

So it has pushed the regulator into a corner and hearings are being held as we speak now as how they are going to handle that. You can't order me to sell service below cost. That's against the law and the reason it is, if I could sell it below cost, then I could start doing some bundling things and, you know, I could bring customers and compete and they feel that's unfair so I can't do that. So if I can't sell it below cost, you can't order me to sell it below cost. So that's being discussed in great detail. The competitor, on the other hand, says, "Hey man, you know --- why do I want to go out and wire their subdivision when ACS can do it and I can walk in behind them and get it at 30 cents on the dollar?" And that has got to be resolved and that's another one: technology and

regulation head-to-head and the customer is caught in the middle. And I've got to tell you, the customer--and I know some of these people personally. They don't care about the problem the industry has. They just want a phone that works, that provides them with the service they want.

Hilary: It has become a right to have the phone.

Tom: And further, yeah, you know, in today's technology I can't think of anybody that is really up to speed that doesn't want Internet access at their home. And when you punch "print" and then can leave the house for four hours waiting for one page to print out -- that's not Internet technology, you know. That's just barely hanging on. So that being said, wireless technology is getting better and faster and, who knows, in two or three years maybe the technology will be out there where this new wireless system will work as efficiently as cable, but it isn't there yet. But in the interim, I've still got this same problem of making the investment, telling my shareholders I'm prudently investing their money and then turning around and losing 70 cents on the dollar. That doesn't help your stock price and it certainly is not a way to handle... run a company. So that's another example of what is going on out there now.

Hilary: Talk a little bit about that bind, that -- what used to be the Alaska -- the regulatory, the Alaska...

Tom: It was Alaska Public Utilities Commission. Now it's Regulatory Commission of Alaska.

Hilary: ...the bind that they put Alascom in, or that Alascom was stuck in, because of this monopoly history and then with competition coming in. There were two completely different systems going on here.

Tom: Oh, yeah. The problem with -- and I have to be careful how I say this -- because no matter how you write it, I mean, these people still regulate us and the last thing you want to do is throw rocks at the people you have to go visit with the day after tomorrow and ask them for a favor.

Hilary: And yet it has changed. The system has changed a little bit after '96, but still...

Tom: The regulator... I guess the way to say this... the regulator was put in place for two reasons in the monopoly era. One, to guarantee that the consumer got the value for the dollar spent. That the consumer was getting the best possible service at the lowest possible cost. The second, the regulator was also put in place to assure that the utility was making a reasonable rate of return so that it continued to build and expand, etc. etc. That is still the mandate of the regulator.

But with competition in the marketplace and with the new technologies -- things like I just outlined, where my competitor can buy a circuit from my switch and I lose 70% of the revenue on it. And you multiply that number, by the way, -- 70% of one circuit times 45,000 circuits times 12 months -- that's in the tens and millions of dollars I lose every

year. And that's just in the Anchorage market. And that is the money that I use to build the extra plant to that new subdivision coming in, or to upgrade the older and antiquated systems with the new technology. I don't have that money any more. And so, as a result, I don't make that investment. So the regulator is caught between a rock and a hard place. On the one hand they want to ensure competition. They want to give the competitor a fair shot at the market. No one disputes that, but there comes a point where it is no longer fair. It is unfair and then you got to change the regulations.

And one thing that you can always count on (with) regulators is they'll be very slow. I mean, they will study things to death. It will take forever. I have a rate case in front of them now that was ordered when we took over in '99 when we got our certificate. They wanted a revenue requirement by July this year. I gave it to them. It prompted a rate request for raising of rates in Anchorage. I am hearing now, and reading in the paper, it may be 18 months before they issue an order on that. During that time frame, the rates stay where they are. Any revenue that I lost or continue to lose, I can't recover. You can't make a rate case and you shouldn't be able to make it retroactive. So it's tough and this is a business that each one of the companies in Alaska right now, the big three -- AT&T, GCI, and ACS -- are all about a million dollars a day in revenue. So about three million... it's almost a billion-dollar-a-year industry in Alaska alone and you consider we have about 600,000 people. That's phenomenal, it is.

Hilary: There were a couple of roles -- external -- in the company, that you've filled throughout your history in the marketing side. One, of course, being the whole community relations focus and the marketing that goes with that, but then there was the political one, too. You've spent a lot of time in Juneau through the years, going down there and just getting to know the whole political system and getting them to know you as a company, and you as a person, and all that. Talk a little bit about those two directions, because then there were also internal roles that you had to fill in the company.

Tom: When I first started with AC... well, actually, in the communications with the old Alascom in '76, and started -- amongst other things -- traveling to Juneau during the legislative sessions. Generally we participated as lobbyists and advisors. When I say "advisors," there are only information providers to legislators because the industry was growing by leaps and bounds, and rules and regulations were being written as to how we ought to proceed in this industry, and our citizen legislators were not certainly up to speed. So we were an information source. And initially in the mid-70s to the 80s, we would go down there to assist them so that they could do the right things for the industry.

The reality, now is 30 years later, (is that) we go to Juneau to make sure they don't do things **to** the industry. And I guess the easiest way to explain that is that we have evolved in 30 years -- at least in this state -- to where government has gone from a position where business funds government so let's create a healthy business climate -- to where government drives business and it has created some real serious problems in this state. We have a kajillion dollars in the Permanent Fund and yet we can't balance our budget.



Back to your original question. Initially in the mid-70s to the 80s, our participation in Juneau was to provide information and it was a lot of fun because a lot of times to provide (information), you did demonstrations. You had a lot of fun. I mean, you would. Like the first time we brought in two channels of television on one transponder. Unheard of anywhere else in the industry and we did that because as we spoke about earlier in the Bush. You either got education or entertainment TV on location but not both and that created just all sorts of havoc. Now, RCA had come up with a new technology where with one transponder, the same single transponder in that satellite, you could provide two channels. So we did demonstrations and people came up to Lena Point -- legislators -- and they would look at this 12" x 12" black and white screen and marvel at how wonderful technology was. You couldn't give a person a 12" black and white screen now. Nobody would want it, but that was it then.

So we would do these things as we turned up communications in rural Alaska and turned up villages and local services legislators would fly to their home district and want to make the first phone call. And I've got to tell you, many times we sat in the earth station control rooms -- we, the industry -- when that first call went through, with both fingers crossed because, hey, we just turned it on yesterday and it worked, but you know, we're still, you know, 99 times out of a 100 it did. And if it didn't, you know, you'd blame it on the snow snake or an ice worm or something like that.

Hilary: What were some of those places and who were some of those people?

Tom: Oh, you'd go to Deering, Kiana, when we turned up Wainwright. Deering and Kiana are outside of Kotzebue. We had one location (that) is going to remain anonymous but we had put in a small earth station and had turned it up and had tested it and it worked fine. And the day of the inaugural phone call with the legislator, we couldn't get a signal through it. It just wouldn't work at all and these people were flying in on a charter flight from out of Nome, I think. To make a long story short, we went outside and looked at the dish and some guy had been using it to zero in his rifle and had blown the wave-guide off the front end of it. We had a lot of that in rural Alaska when we first put them up because those things were 10 meters in diameter and you could back off 200 yards, fire four or five rounds at them and then walk up and see how close a shot group you had, and how good your rifle was. Well, it also did a lot of damage to telecommunications and it was against the law. But, I mean, people (had) never seen it before and it made a great target. So we had some of those kinds of problems.

We were pioneering not because we wanted to be pioneers. We were pioneering because that's the only way to work and so you did it. And we had a lot of assistance. We had state experts on the payroll for the state, the Office of Telecommunications, who had ideas of how things should work and they had done their homework and they would tell us what to do. We had our own engineers who had ideas how things would work. They'd tell us what to do. We had our shareholders who financed this whole thing and they didn't care how it worked at all. They just wanted a return on the investment and if it wasn't there then we weren't going to do any of that. And then all of that blends into the



political mix, where you've got a political party in power that wants to do things for its people and they come to you and say, "Gee, we'd sure like to turn up more television in rural Alaska or have more phones in rural Alaska." (Is that supposed to be blinking?)

Hilary: Yeah.

Tom: Okay, so it's blinking.

Hilary: Tell me when it stops blinking.

Tom: New technology.

Hilary: If there's no light then we're... I have extra batteries.

Tom: Anyway, I mean, you'd try to make... you had about four bosses. Internally, of course, you had the top management of the company within the state who directed what you did, and then the owner company they directed what was done. Then you had the political leaders of the state who directed what you did, and the state was a very integral part of the telecommunications development of this state. If anybody says that they weren't, they're crazy. I mean, the state of Alaska directed pretty much to the telecommunications for a long time exactly how communications was going to expand.

Hilary: 70s through mid-80s?

Tom: Oh, yeah. I mean they were there as we came from the old radio era in through microwave and into the satellite arena. I mean, it was the state that pretty well put... in fact, the state financed the initial earth stations in rural Alaska and then determined they wanted out of the business because they were the state and that's when Alascom bought them from the state. But, I mean, the state put up the money and put up the first 22-23 dishes I think. So we had about five different bosses, and it made it difficult. And the boss that really counted – and (often) the last one you talked to – was the customer. And that's the sad part, but that's just how it was. I mean, you had to make everybody else happy. And then if there was any time left over, then you tried to make the customer happy.

Hilary: One of the wonderful things that I think you did with Alascom, and with Alascom's blessing and backing, was all the community relations work. There was an absolute smorgasbord of causes that you could lead Alascom in to support.

Tom: What we did is: we made a decision early on – actually when RCA owned the company and the tradition has continued to today as I sit here working with ACS – made a decision (that) as long as we made our money in this state we had an obligation, a corporate citizenship responsibility if you will, to try to put some of that money back into areas that benefited people.

Now there are two ways to do business. You can run your business and when you run everything through the books, everything you have left over you put in your bank account. Or you can do the same, but with what is left over, you take a portion of that and you put it back into areas that you are not allowed (to get a return on). It is really a donation because you're giving it back to the community, and you can't put it in your rate base to earn on it, as you shouldn't.

RCA said that is what they wanted to do. And there were two reasons for that. One, they were brand new to this state and they wanted to, for a very crude way of saying it, buy some loyalty. What they found -- and I was running a lot of those programs over the years -- is it bought loyalty. But it also brought without a purchase -- it brought a loyalty to the company, which is phenomenal. And part of it was the nature of the programs that we got involved in, the things that we did. Generally anything that was for youth or older Alaskans. I was going to say "old people" but now that I am one, just "older Alaskans", was looked upon very favorably. Because anything you do for kids in the area of... whether it's sponsoring athletic events... and we had lots of that going on. You got a high school hockey and basketball and football and volleyball and swimming and all of that. Or it had to do with some of the academic things we got involved with, where we provided prizes and incentives for kids that entered into those types of things. But anything you did for kids, most people looked favorably upon. And older Alaskans, we all still respect the older Alaskans for what they gave, what they did, how they helped contribute to make this state what it is.

So we got into some programs. One that I enjoyed for years: we hosted once a year at each one of the seven Pioneer Homes a dinner. And the concept very simply was (this). You folks at the Pioneer Home: you pick the menu, you pick the entertainment, you pick the decorations you want for that dinner that night and we'll pay the bill. Plus each one of you can bring guests. So you know, we turned it into sort of a family night for the residents to have their family there. And then we'd show up and obviously we would be thanked but we would have door prizes and give away hats and T-shirts and coffee cups and stuff and turned it into a party. And I'm going to tell you, it was one of the most pleasurable things to do. And there are seven different homes in this state. In southeast Alaska what we found, generally the menus they would pick were beef because they had had enough seafood all year round. And in the interior and southcentral portion of the state, it was generally seafood because they had enough beef and hamburger year round.

But I can think of several things that come to mind. One that comes to mind... I had the opportunity in Sitka (where) a resident in the Sitka Pioneer Home was ill and couldn't attend the dinner. He was upstairs in the room... but he was the doctor who delivered me when I was born in this state. And Dr. Rudd was a resident of the home and he was then well into his 80s and he couldn't come down. So we fixed a plate, a meal for him, and I carried it upstairs along with a nurse who went with me. We knocked on his door and he said, "Come on in." He was sitting up in his bed and I brought it over and introduced myself. And that didn't ring any bells at all. Dr. Rudd had delivered about 8,000 kids over the course of his career. But then I said, "You're the guy that is responsible for

everything that has gone wrong in my life.” And he got this pained look on his face... “But I don’t know you.” I said, “Yes, you do. Everything that has gone wrong -- and right, for that matter. You’re the doctor that delivered me.” And we visited for a little bit and he remembered the family name. But that was just so unique and different and kind of fun.

Another one: we had a barbecue out at Palmer at the Pioneer Home. They decided they wanted a summertime barbecue in the afternoon as opposed to a late-night dinner. And they picked for entertainment a polka band and there was a little...and she was old, so I will say a “little, old lady”. She had the goofy white hair and probably was about five foot five inches, weighed maybe 100 pounds if she weighed that much, and most of that was the flowery dress she had on, who came over and asked me to dance after dinner when the band started up. Well, I thought, this will be nice, I will. After the third dance, I asked her if I could sit down. And when I left an hour later, she was still going at it. I mean, so that was rewarding. It was a warm and fuzzy thing that the corporation did for the pioneers of Alaska and I’ve got to tell you the return on that investment was phenomenal. Pioneers, the people that lived there, all have friends and relatives and family and they would tell them all what wonderful folks we were. And, I mean, so there was a return business-wise, as well as just the right thing to do. Those were things that we did then and we still do.

We also looked at underwriting events that had historic significance. We have always been. And I have seen enough yellow snow – sled-dog racing – in my lifetime with this company that, you know, I don’t need to go out on the trail anymore. But we were very involved and remain involved up to this day with this company in sled-dog racing. We were initially involved with the Iditarod when it first got started years and years ago. We started by telling them, “You’re nuts. Who in their right mind wants to race a sled dog team all the way to Nome?” And (Joe) Redington said, “Well, I do and we’re going to do it.” “Oh, well, we’ll see what we can do to help you out.” For 15 years, we were on the trail and we maintained and operated a halfway point. We gave away a special award at the halfway. Musher’s had got some media coverage because there appeared to be a jinx. In that 15-year period, only two mushers won it and went on to win the race. And so, gosh, if you win the halfway, maybe you don’t want to win the halfway cause you’re not going to win the race.

It was fun. We spent a week at a time out there in conditions that were just... I have been at the halfway. We lived in a tent. I mean, there are no hotels up and down the Iditarod Trail in the Bush areas. I have been on the trail where the temperature was 60 below or colder. And the reason we know that is for a week at a time, the thermometer went to 60 and we never saw (the mercury). I mean, it never got warmer than that, so we knew it was 60 below or colder. By the same token, I have been there during the Iditarod where (it was) 25 or 30 above and melting. So (we were) very involved in the long distance racing.

We helped the Yukon Quest as they got started. That’s the other distance race.

We have also been involved in sprint racing around the state and today we are the signature sponsor of the North American in Fairbanks, which is the oldest sprint race in the state of Alaska. I just saw yesterday... as a matter of fact, in today's paper, one of the old-timers, Earl Norris, passed away. But dog-mushing of course being the sport, the official sport in the state of Alaska, it is nice to get involved. It buys you... it associates you with something Alaskan, which we are, so that's good to be associated with Alaskans because we are. But further, it connects you with a part of the state that Alaskans are most proud of and that is their heritage and their history. There are many newcomers who (see) their first race on the street...(and like) to watch it. They don't know anything about all of the above, but they appreciate watching the sled dog races.

Hilary: Talk about the technology that was involved with covering the Iditarod. I mean, this was pretty amazing stuff out along the trail.

Tom: Oh, when it first started... yeah, you'd have probably done better with smoke signals than what we did. I mean, you start the race in Anchorage and, of course, we had telephone service then so that worked fine. But once you got out of town, once you got out of Knik, outside of the Valley -- that was it. There were no phones in rural areas. Once you got to McGrath there were phones. Once you got to Unalakleet there were phones and once you got to Nome there were phones. But the majority of the other checkpoints, all 23 of them -- nothing. HF radio, high-frequency radio, was the best you were going to get. So when we first got involved as a sponsor, we covered the cost of all the Ham radio operators to go out on the trail and set up at these checkpoints and communicate. That in itself was a learning experience. For a Ham radio to work it has to have power. A lot of these checkpoints had no power. So you had to bring in generators. If you bring in generators then you have to bring in fuel. If you bring in fuel, you have to bring in someone smart enough to know not to put water in the fuel or to bring in the right kind of fuel. All of those things went wrong over a period of time. You have to have antennas to make them work. Sometimes that means climbing a big spruce tree and stringing antennas from tree to tree. And as the race would progress, the Hams would call, bicycle their messages from Ham radio operator to Ham radio operator back to headquarters, and then they would post on the board where the last checkpoint was that the musher was or wasn't. It was actually a more exciting race then because you didn't have instant knowledge of what was going on every second on the trail.

Hilary: No GPS.

Tom: No, not at all. We had mushers who would get lost. That happened occasionally. Sponsors would get lost. I did that once in a snowstorm but I found my way back. The first time I went out on the trail, the first year we were out there, we were staying at the Innoko River Lodge, which -- don't let the name deceive you -- it was an old rundown cabin. In fact, the floor was at about a 20-degree angle and we used to have marble races up and down the floor while we were boiling water to cook spaghetti for dinner. But anyway, part of my rent for staying up -- even though I was a sponsor and, you know, giving away the halfway prize and doing this, that, and the other -- I had to chop

firewood for the fireplace. The way the guy explained it to me is, "Well, you don't have to, but if you'd like to sleep indoors..." And I thought it would be nicer to sleep indoors where the fireplace was and have fire and warmth as opposed to outside.

We had unique things that occurred during that race that were strictly Alaskan, nothing to do with our company, but you met some great people. It picked up a national following which then caused the media to cover it. And the media had the same problems communicating. They would be out at a checkpoint, something exciting happened, they've got their story written: big deal. So what, you know, what are you going to do with this? There is no phone to call it in on. There is no carrier pigeon to give it to. I mean, they were offering bush pilots bribes to take it back to the nearest city and then telephone their either print media station or radio station with the story. So... and the way the law read, you couldn't pass commercial traffic on a Ham radio so the Ham radio operators couldn't pass it on and it got really exciting as to who could cover the story -- the print or the electronic media -- the fastest. Some of the more affluent medias chartered their own planes and they went from checkpoint to checkpoint to checkpoint. That cost a lot of money.

Others like public radio station employees who covered the race would hitchhike. I mean, they would go from one checkpoint to another and catch a ride on a bush plane and they had no way out of there if somebody didn't take them. We had one young man -- we were at a checkpoint -- who was with public radio and he needed a ride to the next checkpoint. There were about three people left at the checkpoint and if we left him there it was 90 miles (back) and it was about 80 miles to the next place. So we said, "All right. Grab your gear." Oh, he was so excited. So he ran over, his tent was already torn down, and he grabbed his sleeping bag and he stuffed it into a plastic sack, a garbage bag, and jumped in the airplane. And I don't think we were in the plane three minutes until we found out what the problem was. That same plastic bag he stuffed his sleeping bag in had been full of beaver meat that the musher had been using to haul food for his dog. And in a hot 185 -- Cessna 185 four place airplane -- you know, the temperature is turned up to about 90 degrees and a plastic bag full of beaver grease, oil... I mean, we flew most of the way with the windows open and, man, did that... Now the guy I really felt sorry for through is the poor kid. He had to sleep in that sleeping bag for the rest of the race, and you learn something along the trail. You do.

But we had all sorts of things. We had some near tragedies out there. If it hadn't been for the Hams that were funded, it could have been serious. At one checkpoint we had the veterinarian who lifted off the river in his little Super Cub, caught a side draft and slammed it into trees, and down he went. His wife was in the plane with him along with two dogs. And from the checkpoint it was maybe a quarter of a mile but by the time we snowshoed into there -- because you couldn't walk, the snow was above your waist -- he was in pretty sad shape. The plane had been pretty well wrecked and it certainly wasn't fatal injury but it was serious. Got him out and thank goodness we had a Ham that could call for a Medevac. Now it took six hours to get a helicopter in there but at least we had some way to get him out. The alternative, if we would have had no communications,



would have been to put him on a sled behind a snowmachine or a dog team and it probably would have killed him bouncing around because he had a lot of broken bones.

So those things happened.

As the race became more popular and as communications began to work better, the first thing we saw on the trail were GlobeStar-type of phones that went direct to satellite. They worked and they didn't. It just depended on the time of day and how the satellites were working because it was in the trial years. Then some of the larger villages picked up local exchange service where they had local phones and then they could report from a lot of the checkpoints. But still to this day, there are checkpoints on that trail and on others that have no communication service other than what they bring in with them. The halfway point, which we sponsored for years, now is sponsored by GCI and they bring in an earth station and set it up and that is how they broadcast out of there to get word because it sits in a ghost town. There is nothing there but ghosts and ghosts don't need phones. They can communicate any way they want.

So yeah we did that. It was another thing we got involved in: community affairs. We also were very aware -- and made all of our district managers aware -- that each community has its own priorities, things that are most important to it, and so we always had a segment of the budget set aside for... if, in a certain community something surfaced... There would be no way to plan for it but it became important to that community. They wanted support for it. They needed help for... then we would try to push some dollars in that direction. And something to come to mind is the Sitka Music Festival when it first got started. They had all these volunteers in Sitka volunteering all their time and effort to make this thing go and they were looking for some vehicle to say "thank you" to the Sitka volunteers. I mean, the people who pay the tickets and saw the concerts, their "thank you" was (that) they were entertained. The musicians who came in to entertain their "thank you" was they were paid. What about all these volunteers? So we came up with the idea of a crab feed -- all the crab you can eat -- or they came up with the idea and they called us. And we said, "Sure, we'll underwrite the cost." And to this day, as I sit here now, we just made the commitment again for next year. This company is still doing that. We go to Sitka. It's usually held on a weekday evening and it is for the residents of the town. And they show up and I think it's... I don't know what, I think they pay ten bucks a head, all the crab you can eat and then, of course, the volunteer committee puts together the salads and the desserts and they have soft drinks and coffee and tea. And it is held outdoors down by the harbor. I have been there for several years in a row and last year it was raining sideways and blowing about 60 miles an hour and everybody showed up in rain gear and, again, it is held outdoors. Some people brought little tables. One couple -- I have a photograph -- (brought) a little candelabra, the wine glasses. They were having their crab feed. It was the social event of the year.

**End of Tape 1, Side B**



## **Tape 2, Side A**

Hilary: (These) community relation efforts -- and you can pick more than one -- what ones have been most satisfying to you or most fun or what ones stand out?

Tom: The obvious one is anything that you did that helped kids and there were a lot of those. And that gets (into a) kind of sentimental model and I don't want to go there. But there have been a lot of tragedies in Alaska over the years because Alaska is a rural state in most regards, and as a rural state you live a rougher lifestyle. Things happen. And we have been doing business in a lot of those rural areas. And fires in villages, kids hurt and burned, snowmachine accidents, chain saw accidents. Alcohol has been a terrible, terrible disease upon Alaska, rural Alaska. In the last 10 years, the rural Alaskan areas and mainly the Native corporations and the Native groups have started to get a handle on it with sobriety movements and so forth to solve the problem. But just it was horrendous. It caused so many unnecessary deaths and anguish out there. And we did things over the years to assist in programs to ease the pain, and we will just leave it at that. But those are probably the most rewarding, you know, when lives (are) maybe not saved but made much better.

There were a lot of fun things that were done. There were a lot of crazy things that were done. Riverboats are a big part of the interior of Alaska. They were communications before there was communications. I mean, that is how mail was carried: by the riverboat. There is a race that is run on the Yukon, Tanana, and Chena Rivers. It is called the Yukon 800. It is now about 45 or 50 years old but it commemorates that route. We are the signature sponsor of that race because of the communications tie-in and so forth, but over the years as I was involved, Alascom was the sponsor of it as well. We used to do a halfway award where we would meet them. They would run from Fairbanks to Galena overnight and then Galena back, a total of 800 miles. We'd meet them at Galena and give them a halfway award and the media would be there and they would interview them and it was kind of exciting and the whole city of Galena would show up.

Now a couple of things and this is certainly not derogatory but a couple of things. During those years I would stay at Jimmy Huntington's house and throw a sleeping bag on the floor and Jimmy lived right on the riverbank, probably a 100 yards off the Yukon River. And his house was on pilings because every spring the river would flood. And whenever I'd go there I stay there, and we'd have dinner and we'd visit, (unintelligible). And whenever you had to use the facilities -- it was an outhouse -- and as you walked out the front door, somebody would always holler, "Don't use the sporting goods section. We haven't ordered yet..." because, you know, it was a catalog. It really was a catalog. I mean, that's the way it was. There was no running water. There were no sewer facilities. Over the years that changed.

And I remember one of the last years I was in where I stayed at Jimmy's, stopped at his place and he was so proud. He said, "We got an indoor toilet, indoor toilet." Well, he wasn't kidding. You went down a hallway in the back of his house. It was built on

pilings. There was a hole in the floor with a toilet seat above it there was a 50-gallon drum underneath, but the toilet was indoors. So, I mean, “progress”, slow but simple. Now everybody has running water and flush toilets and so forth in Galena, but watching that evolve over the years and being a part of some of the activities was fun.

I remember interviewing the first woman who ever ran in the Yukon 800 on a winning team. There were many women who raced, but this was always thought to be a man’s sport, racing these boats, 800 miles. So she’d run 400 miles and the difference in time between these boats when they got to Galena was sometimes 30 seconds, 45 seconds. I mean very competitive. So obviously the captains of the boats, three people in a crew, weren’t going to stop. So I asked Toni, Toni Mobias, was her name -- she has since passed on -- I said, “Toni, you must have to control your diet before you go on this race ‘cause you’re on that boat for six and a half, seven hours, you know, racing and I’m sure the captain -- Jim, her husband -- doesn’t want to pull over if Mother Nature calls.” And she said, “Well, I do that but I also wear diapers.” I got more than I asked for in that interview! So we had fun.

One year a fellow came in at the halfway point, jumped out of the boat. We had TV crews there rolling the camera, had the award there to give him and so forth. He burst through the crowd and up the beach and disappeared into the bushes. He came back about 10 minutes later: Mother Nature. He said he really wanted the award but he wanted to go to the bathroom a lot more. The real world, Hilary, that’s just what it is, you know.

But over the years getting involved in some of those things that are local in the communities that are important to those people...

I got to tell you if you’ve never been in Nome at the end of an Iditarod you’ve missed an event. ‘Cause the whole city turns out for that, you know. And there are other events. Fairbanks does things during their Golden Days. Juneau Salmon Derby -- we’ve been involved in that for years. That raises money. That’s another good, warm fuzzy in that all the money in the derby -- people pay to enter the derby, fish, turn their fish in and then the fish are sold -- goes for scholarships. And they have generated -- and I’d have to go look but I think last year they advertised something over \$4 million in scholarships since this derby has been going on for 50-plus years. And that all goes to kids in the community and gives them a benefit that they couldn’t get (otherwise) and so it has been neat to be involved with a company that goes right back to the old RCA philosophy of “if we make money there, let’s find some places to put it that benefits the citizens” and we’ve done that.

Hilary: You have had a front-row seat on a lot of the changes that have happened in those communities.

Tom: It wasn’t my idea. Yeah, I just got stuck with it sometimes.

Hilary: But the growth in those communities, the interests -- I think that has been a fabulous opportunity.

Tom: Someone once said that I ought to write a book, and the problem is I don't feel that I have quit yet and it would be a stupid thing to say to you because you write books, but I don't feel you ought to write a book until you are ready to sit down and review it. That being said, I am very upset that we never got my mother, who was born and raised here, to sit down and write her thoughts down. We never even taped it, and they are lost forever except in our memories and what little we have transcribed. It has been fun. And I still work with people here who have been around for as long as I have in the industry. My perception and yours may be a little different. I've enjoyed most of it. It has been fun. It has been different, but it has been fun.

I mean, when you think of where we've come from to where we are...I was talking to someone recently in Fairbanks when I was up there and we were talking about radio and the old-time days and "old time" I'm talking about (is) the 60's. That's not really old. I mean, that's 40 years ago when messages were sent as we talked about -- Tundra Topics - - across the air. In some cases they were just, you know, messages having to do with commerce, freight, movement of freight, merchandise. Others were personal messages that brought joy to families like, "Mary had the baby this morning at 8:05. It's a healthy boy. We named him Simon" Whatever. I mean, that's the only way those people knew. They heard it on the radio. I think I recited the one case where a doctor explained one way on that radio how to deliver a breech birth to a woman or a family in Minto and the lady delivered the child. Everyone survived. It was in the 60s. Now, to have come from there all the way now to where you can carry a radio that fits in your ear and that's the only place it fits and its that big around and gives you all of that and even more -- and everything that has been between there is just phenomenal.

Hilary: One thing you just mentioned that I want to go back to, too. You had the opportunity to know a lot of the people in the industry over the span of time. Who are the giants for you? On whatever level that means.

Tom: From the broadcast side, I would have to say there have been many people who have contributed much but number one the man who recognized the importance of broadcasting in the state of Alaska and put his money where his mouth was before anyone even thought about it was Cap Lathrop out of Fairbanks. He is the fellow that funded the first radio stations.

Coincidentally, two of the people he hired to help him are certainly giants in the industry for obvious reasons. Augie Hiebert who is still with us and still alive, and Al Bramstedt, Sr., who died several years ago. They both came up. One as a talent and one as an engineer, although they both were basically engineering. What spun out of them working for Cap and building the radio stations is they each started their own networks -- which provided radio and then FM radio and then television and then color television to the state of Alaska -- and their contributions still exist today throughout the state. In their

senior years, they were involved in moving television from the major areas where they broadcast and made their living, through the satellite system, to rural Alaska -- that without their support rural Alaska would never have had television because they had to get the networks to come on (board). It is the only place in the world that has done (it) this way where network television allows -- at no cost -- their programming to go into rural locations.

So those would be the three that come to mind in broadcast. There are many others who have done innovative things. On the talent side there are people who are legendary and infamous and I have had the chance to work with many, many, many of those people as well. But from the management side, those would be the three.

Hilary: What about on the talent side, mention a few of those?

Tom: Well, that's a subjective call. There are people that I admire who worked in the industry for years. I worked with a fellow named Steve Agbaba, as a kid (when) I started out, and Steve was arrogant, obviously very egotistical, very good at what he did, very opinionated. He had an opinion on everything and if you didn't like it he would give it to you twice -- but a super talent. And he did things in broadcast that no one had ever done. He would make up and recreate baseball games -- as we talked about, (that) had never been done before -- where people were actually so sure it happened they would bet money on them. I mean, they would bet on the outcome of the game that was already over but he was recreating it. I mean, it was phenomenal.

There were (other) characters involved. Wee Willie Walley -- former mayor of Fairbanks, former mayor of Juneau and a broadcaster in Anchorage, Fairbanks, and Juneau -- was certainly a character. Very colorful man. There were stories that his family still pays me not to tell about him. A living legend who is still here but has announced his retirement is Dick Lobdell, who is going to be done this fall. By the end of the year, he is out of business. Finally. He is 412 years old at least. But watching Dick -- and I was a kid coming up -- but watching these people perform... and I think what made them successful was their ability to communicate with people -- not so much what they said, the stories they covered, but just as with Walter Cronkite, when Walter said it, by golly you knew Walter believed it! Because Walter told you, and if you can't trust Walter, well, then who can you trust? And we had those kind of characters here. I was just lucky enough as a kid to get my nose in it. We had some fun times. We had some disasters in broadcast. We had some embarrassing moments in broadcast, some of which I've seen printed, and I wish I hadn't said them. It is all part of the game.

Hilary: And so what about in the larger telecommunications area, the giants who are out there?

Tom: I have to say, and this is going to sound patronizing but I think anyone who looks at the industry would have to say the top of that list is Charles E. "Chuck" Robinson. Again, Chuck came here in the 50s under a government contract. As a government contract, to work remote communications, (he) recognized the need for a private enterprise and

worked with then-RCA Corporation in the middle-to-late 60s to put together an agreement to purchase the military system, then worked with RCA Alascom as an officer of their corporation to do just that and build a system we have just spent hours talking about with satellite earth stations and communication advances and continues on to this day.

Chuck was the guy who said, "Okay, we are going to build a satellite specifically designed for Alaska," and convinced the parent company to put \$250 million on the table. It was the first satellite ever launched to serve here. Since then, there are now three generations of those birds -- all from that start. He was the guy who went into the Bush with... we talked about (the fact that) there was no money to be made in the Bush. RCA had no interest in going into the Bush but he's the guy who said, "Well, we can make the commitment, there is a way we can do this," and earth stations came about.

So he had the vision to do it and I can say... and just yesterday I spent an hour in his office talking to him about things that are going on today and what is happening in the industry. He does it because he enjoys it and that, I think, is difficult to find in a lot of people. A lot of people work because they're after the money or they have to work to maintain a certain life. Chuck could have retired years ago. So he would have to be in my mind, and again I'm prejudiced because I worked for him for 25 years and he has fired me three times but always hired me back. I'd have to say Chuck Robinson.

There are a couple of others and this may sound strange to you but I mean people who recognized the importance of telecommunications. One was Senator Ted Stevens and people, I don't think, really associate Ted so much with telecommunications in Alaska. I mean he's a U.S. senator who has been there forever in most people's minds and yet Ted recognized the importance and worked very diligently getting the use of military systems and helping from the national level to get the laws in place so Alaska could continue to advance and grow because he recognized the importance of telecommunications as one of the driving forces for a strong and healthy economy. So Ted would be up there in the same category.

We have had several governors who have recognized the importance on a state level but I guess the first one that walked through the door and he used to drive us nuts because we didn't always agree would be Governor Jay Hammond. Others have been involved but Jay was there as it was really switching from the way it was to the way it is. And through his office of telecommunications and the people that he hired -- they were prodding the industry from the government perspective (to do) what they felt the citizens needed and without that assistance and foresight I don't think it would have progressed quite as fast and I'm not sure it would have progressed in the same direction.

But those would be the three on the top and it is strange two of them are politicians but it is true. There have been many people through here working for Alascom from the Lower 48 or from the companies from the Lower 48 but didn't stay. I mean they're still around and still involved. Obviously Ted Stevens is still involved. Jay Hammond is now a



statesman but still certainly has the knowledge and stays involved and current as does Chuck. On the rural side and I don't know people by first name but there have been people who went out and pioneered communications in rural locations -- specifically small villages and towns who were just as important at their local and they put their money on the line to make it work, but overall didn't have as big an impact statewide.

Hilary: When you look back at this span of your career, what have been the toughest times?

Tom: Well, I don't know. I've never looked at it that way. There have only been opportunities to succeed. One of the most difficult things early on to explain to people... telephones had been anonymous to the general public for years and years and all of a sudden rates were going to change. When I first hired into the business, we went after 137% rate increase. I've got to tell you, that doesn't make you popular with your neighbor next door when you say, "Yeah, we're not going to double your rates. We're going for 137%." It was the biggest challenge first of all because people didn't care. At that time, everybody had a black rotary phone and it worked -- and if it didn't, you called the phone company and they came and gave you a new one and they didn't charge you for it. All of a sudden, it was changing and you had to pay for what you got and we had determined that you weren't paying enough for what you're getting and if you want to keep getting it we are going to raise your rates. And to take a very extreme complex subject like (how) our rates are set and where the subsidies come from and how much you *really* paid for the call and try to put that in simple English so that your neighbor could understand why you really needed the money was extremely challenging, very difficult. There was a period of time when my wife's mother wouldn't speak to me. In retrospect that may not have been all that bad. But I mean, it got personal with people. So that was one of the challenges that probably...

The biggest PR challenge I had bar none had to do with a young woman who was participating in a costume contest at our company for a Halloween costume. We allowed our employees to come to work in Halloween costumes and she came attired as a nun, a Catholic nun, in the old-time habit with the hood and the rope belt and the long robes and so forth and that offended some of her fellow employees. And they called and so I suggested that I had seen that costume at Halloween parties and I certainly sympathized with them. I would talk to her supervisor and maybe she'd use a bit more taste in the future. And I thought that was the end of it. They didn't bother to tell me she was the woman, one -- that delivered telegrams for our company and, two -- that she was in real life eight months pregnant. And the next call I got was from the archdiocese in Anchorage where she had just left after delivering a telegram, several telegrams of condolence at a Catholic funeral mass and that they were not pleased, they were not amused, they were not happy at all with my company and they asked what I was going to do about it. So that was... and I will not tell you how I resolved that difficulty because that's worth millions of dollars and anybody wants to know that can pay me. But I was convinced for a long period of time there that I was probably not going to go to heaven. That was the biggest PR challenge, but in dollars and cents it didn't have that big of



effect. It was just the impact, the image that it created of the company was such that I mean how do you dig yourself out of this hole?

You think I'm making this up, Hilary. I'm not making this up. It really happened and I don't ever want to go through that again. You ought to talk to Archbishop Hurley when he's upset. It's not a fun experience. And we have had other opportunities to succeed over the years with lots of other things that have happened, good, bad, or indifferent. Those would have to be the two highlights. One on the business side and one on the PR side.

Hilary: On the flip side of that, what have been the most exciting, satisfying rewarding (times)?

Tom: I haven't really sat down and thought about that at all because every day, something changes. We are still out there fighting the battle. It is neat now, in retrospect, looking back, to say, "Hey, we actually got a satellite launched and look what it did or we laid fiberoptic and looked what it did. We have Internet now and look what it does." All of those are great but we're so busy moving on. I'm in here on a Saturday and you know when you're done I'm going to be doing some more paperwork on some other things that are all brand new and introducing a new technology tomorrow. The generic answer -- and you probably get this from everybody -- it is great to see the benefits that a good system provides to people. I guess... that's tough. I have just never thought of it in that respect. [Tape off]

(The field) of communications, I think, probably would be one of the most... one you could take the most satisfaction in because, over the years, I went to a public school system where a lot of the kids who went to school with us came in from the villages 'cause that's the only way they could be educated and they were taken away from their families. They were living in boarding homes or foster homes or with relatives. They weren't where they wanted to be. They weren't at home. They had language difficulties, certainly cultural difficulties. And now, since then, with the advent of telecommunications into rural Alaska where you have radio, you have television -- we have become a closer world and with the advent of teaching in the schools in the actual rural areas... but having those communication benefits, that's a quality of education for kids (that) is a lot better than it ever was before. I know my boys are smarter at their age in high school and college than I ever was. I mean, they have access to so much more information and they can get it so much easier. If I wanted to (know) something, I had to go find an encyclopedia and I had to look it up. They sit down at a keyboard and it is right in the screen in full color and if they don't want to read it right now they just punch "Print", take it home with them. I mean... so those kind of things. So I guess what we've been able to enable our youth with via telecommunication is probably would be the most satisfying.

One of my responsibilities throughout my career in the long distance... with the phone industry has been the media liaison. Because of my background in broadcast, I was generally, and still am, the first point of contact for all the media. And I put together a

times media and scripts and so forth. Over the years we have some interesting things. The challenge there is to take a very complex subject, telecommunications, and put it in basic English logically so that they can write a story or report a story that makes sense for the general public. Unfortunately we have a lot of buzz words in our industry and we make the assumption, 'cause we do this for a living in the industry, that everyone else understands what we do and that can get you in trouble at times.

I may have made reference to this story before but I was once asked, called on the phone by a public radio announcer, and the lady, a young girl, said, "We're having these sun outage problems now and would you explain what the problem is." And so they did a tape for a story on public broadcast. And on public broadcast they do five- or six-minute segments. I mean, they just don't look for the news clip, the one "buzz word" statement. So I explained in great detail how satellites are 22,300 feet above the equator and that twice a year the sun, the satellite, and the earth stations in Alaska come into perfect alignment and for a six-to-seven-minute period of time, the radio interference created will "busy up" the signal, make it noisy where you lose voice contact. So I explained this as simply as I could and all the time I was saying this, I was getting on the other side of the phone, "Oh yeah, I see, oh, yeah, well that makes sense, certainly, logical." At the very end of the interview, she said, "Well, is there anything that you can do to fix this?" I said, "Yeah, we're working on changing the orbit of the sun." "Oh, okay, thank you. And your name and your title again?" And that night as I drove home, I had the public radio station on and I heard this report and she did it well. It was good. And then it explained logically how twice a year this phenomena happened and it created radio interference and then she finished the story by saying, "But there is hope in the future as Mr. Jensen said..." and there was my voice saying, "We're working on changing the orbit of the sun." Talk about feeling like a class "A" idiot! Further, I got phone calls and letters and, I mean, you know, anyone who had a common brain in their head... and that was a little embarrassing.

We once did a press junket with several people and what we were showing off is the satellite technology of small earth stations. And we spent three days out there going to various remote locations with small earth stations, talking to the village people that at that time kept the bags of quarters and made change and did all of that stuff. And after all this time explaining the investment, how the earth stations work, and how it all tied together, as we're flying back in the (plane), one reporter turned to me and said, "Well, I pretty well got my story but where are all the telephone poles?" So it was one of those deals where we spent three days explaining what it was and it just 90% of it promptly went right over their heads.

Had another press junket with a young lady who still is here in business in Anchorage, although in a different industry, but wanted to see a small earth station and we were swinging it from one satellite to another and wanted to be there when it was done to cover the story. I found out after we put her on the company plane as we were taxiing out and she was scared to death of small planes. She was a "white knuckle" (flyer). We were going to Tatitlek, which has about a 2,200-foot runway. Our aircraft, a Twin Engine

Beech, required 2000 (feet) minimum. So as we came in, I explained to her... I said, "This is a short runway but not to worry. He will be reversing the props on this before we set down. You'll hear a lot of noise and, when we set down, there will be a lot of vibration but not to worry." Okay. We landed. Took up all of the runway. I mean, there was maybe 100 feet to where it fell off in the ocean on the other end when we stopped. Got up and ready to leave and she remained seated. And I said, "Time to go. We're going." She said, "Do you have a blanket?" "I don't know. We have some pillows here." "Do you have a towel?" No. What's the problem?" She had wet her pants and was extremely embarrassed and didn't want to get out of the airplane. I worried until that story came out as to how it was going to go 'cause she was not a happy camper. She had to get out of the plane, wet Levis and all and wander around, you know and ... not a good thing.

Another thing that I learned -- and maybe this applies to everybody -- but I started out, you know, just a kid growing up in Fairbanks, Alaska, got into broadcast on a fluke at age 15. Because I was in broadcast, I met some influential people. Ultimately that led me to a career at RCA Alascom where all of a sudden I was a corporate executive wearing three-piece suits and sitting in on conferences where tens of millions of dollars worth of activities were being discussed and decided. So I was a pretty important guy -- at least, I thought so.

And growing up in Fairbanks, I had met the local bag lady and got to know her very well. Her name was Irene and she was well known in Fairbanks. She was a woman who hadn't seen the inside of a bathtub or a shower for at least a year at a time. I think once a year they picked her up and took her to the hospital, checked her out, and gave her a bath. She was not a pleasant person to look at. She was not a pleasant person to talk to. She swore worse than a sailor but she was the town character and over the years I had gotten to know her. We tried to do a couple of interviews with her. We couldn't clean up her language enough to put her on the air but I always made it a point whenever I ran into her -- and usually that was in a bar because she was out at night hitting the bars, borrowing money. So I sent her a beer. She was sitting at the bar and I'd send a beer over and once in a while stop by and visit with her. Well, now I'm a corporate executive wearing a three-piece suit impressing people, myself mainly. I was in Fairbanks on business and had two other business people from the Lower 48, one from the FCC -- a real high muckety-muck who regulated us and another -- as my guests for dinner at a very nice restaurant. And we're sitting there eating and, out of the side of my eye, I see Irene walk in and sit down at the bar. And she saw me. Now I didn't wave. I didn't acknowledge her. I just ignored her and continued impressing these people with how smart I was. About ten minutes into the conversation Irene came over to our table, sat on my lap, wrapped her arms around me and said, "Hey, Sweetie, you going to come over and visit again tonight?" And then got up and left. There was nothing I could say to those two people at that time that would make any sense at all, and our meeting was over shortly thereafter and they probably went somewhere to get deloused. So I was put in my place as I should have been. It was a true story. She has since passed on. She was a fascinating lady.

So, yeah, over the years there have been some things that I will remember and some of them I will try to forget and those are a couple of them.

Being born and raised here you'd think I'd have some experience sled dog racing especially with all my years on the trail. I learned, luckily, when I was about nine that I wanted nothing to do with raising a dog team and racing them because when I was about nine years old here in Anchorage a young girl who was in class with me had a three-dog team she ran in the races and I liked her and she liked me. So she took me for a sled dog race one day, not a race, just a little ride around the neighborhood and then afterwards she had me help her clean the dog lot, put the dogs away and clean up all the poop, and at that point I decided I don't ever want to get into sled dog racing because this is not fun. That being said, years later I'm with Alascom, we're sponsoring races around the state and in Fairbanks they asked me to enter the businessman's race. A big one-dog race there out at the track on Farmer's Loop. You ran out of the woods, around a grove of trees and back, maybe a mile. Well, I can do that. I'm an Alaskan kid, right? So about 10 or 15 business leaders, myself included, get on our sleds and off we go. Lefty Sholock, who was a long-time, well-known musher up there, had loaned me his biggest dog and this was in the days where they had real dogs. I mean, this thing looked like you could put a saddle on him. He was almost a McKenzie River husky. Big. Just as we got into the tree line, the dog laid down, just stopped racing, stopped walking and laid down. So I got off the sled and went up front to get the dog up and it went "GRRRRRR" and showed me his teeth. And so I went back and sat on the sled. And about half an hour later they came out and got me. You don't know how embarrassing it is. To have been a lifelong Alaskan and everyone on the PA system talking about everybody else is in, (but) where is Jensen? Did a moose get him or what? And they have to bring me in on somebody else's sled 'cause the dog was down. Since then I have picked (my) dog, I've won that race twice and I'm not retired and I have won the North American Businessman's Race twice. But that's what the press covered. They didn't cover the fact that we had done a nice lunch or anything, just (that) the old dummy that went out there and couldn't get his dog to run. So there have been some fun things over the years.

**End of Tape 2, Side A**