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## s lead to PUC resignation

## W Bell paid more than \$30,000 to Hanson while he was off panel

By Tom Hamburger and Joe Rigert

Staff Writers Commissioner Roger Hanson received more than \$30,000 in payments from Northwestern Bell Telephone Co. last year. Confronted by the Star and Tribune about the payments, Hanson said Saturday that he will resign from the PUC.

The money was passed to Hanson through a friend, St. Paul attorney Robert W. Johnson. The Bell payments, which amounted to between \$30,000 and \$41,250, were uncovered during a Star and Tribune investigation of the PUC.

Most of the money went to Hanson during an 11-month period when he

was not a commission member. He But they disagreed about the purfinished a six-year term on the PUC in late 1984 and was reappointed to fill a one-year vacancy on the panel beginning Nov. 25, 1985. Bell's final payment of \$3,750 was received by Hanson in December.

When asked about the payments, Hanson said he planned to submit a letter of resignation from his \$47,000 job on Tuesday. "Some of my votes (on the PUC) might be perceived as less than objective and I wish to remove even the appearance of impropriety," he said.

Hanson and telephone company officlais defended the payments because Hanson was off the commission when they were initiated.

pose of the payments. Bell officials say they were for lobbying on telephone issues. Hanson said the payments were for consulting work for the telephone industry, not for Bell alone, but he said he didn't do very

"I feel a degree of frustration; I was a consultant and hardly anyone consulted me." he said.

The unorthodox payment to Hanson is the second report in the past week of commissioners facing conflicts of interest involving the state's two largest utilities companies.

Former Commissioner Leo Adams negotiated for a job with Northern States Power Co. (NSP) during the

time he was casting deciding votes on an NSP rate request in December, Disclosure of his job negotiations led to calls for a refund of the rate increase.

Hanson, too, was a swing vote on a utility-rate question. Hanson voted for a \$57 million rate increase for. rejected an administrative law son received payment each month, judge's recommendation to throw he wrote a check for the full amount out the rate request. Unlike the Adams case, there is no evidence Hanson had job discussions with the utility before the vote, which occurred ment procedure after first attemptsix months before he began receiving money from Bell.

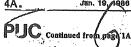
Hanson said the payments were made for work done before he rejoined the commission and did not influence his votes. However, the payments raise questions about whether Hanson conformed with state laws that require lobbyists to register and public officials to disclose their sources of income.

Johnson sent 10 monthly bills to Bell the phone company in July 1984. He during 1985 "for consulting charges was part of the 2-1 majority that on legislative matters." When Johnto Hanson, Johnson said.

> A Bell executive proposed the paying to persuade the Minnesota Telephone Association to hire Hanso directly. The association's



Roger Hanson



director rejected the idea because of budget considerations and concern about the public perception of hiring a former commissioner.

Bell's top Minnesota executive, Eugene Bier, said he did not know the details of the payment procedure when he approved it. He said he thought Bell's payment was to be part of an industry effort to influence legislation.

"It didn't smell to me," he said.

The commission begins hearing a case next month that could mean \$55 million to the telephone industry depending which way the commission. rules. Some independent telephone company executives expressed concern about Hanson's ability to be impartial in that case.

Hanson said he will stay on the commission only a few more days and won't participate in telephone mat-

"Last night, after I became aware of all these checks, where they came from, I said, 'Heck, this is an untenable situation. I am going home." Hanson said his records showed he received \$33,650 from Johnson, but Bell's records show Johnson was paid \$41,250.

Johnson, who is out of town and didn't have access to his records when questioned, said if there is any unpaid balance in the account from Bell, he will return it to the compa-

Roy Weir, the Bell official who set up the arrangement to pay Hanson, said he wanted to hire Hanson to lobby for tax legislation that benefit-ed all utilities. The legislation, which passed last session, will provide Bell Telephone with \$26 million a year in . tax savings by 1990.

Whether Hanson was lobbying is a key Issue. The Ethics in Government Act says anyone who is paid to influence legislation by communicating with public officials must register as a lobbyist.

The Star and Tribune could find no lobbyist registration statement by Hanson at the Minnesota Ethical Practices Board.

Weir said that Hanson did a good lobbying job for the industry and that Hanson told him about his contacts with legislators. Richard Bartley, a veteran Bell lobbyist, also said tax data collected by Hanson was used in the lobbying effort.

Johnson denied that his old friend

was hired to do any work on the tax

Minneapolis Star and Tribune

bill or to lobby. He said Hanson was hired as a consultant in anticipation of the drafting of new telephone laws in an era of deregulation. The issue didn't come up extensively in the last legislative session, so Hanson didn't have much to do while he was on retainer, Johnson said.

What exactly did Hanson do for the money? Hanson said he spent most of the summer in semi-retirement at his home in Vergus Minn. He said he "worked a better part of month closing up a bankruptcy case . . . worked for my brother who is a plumber, fixed up the house, and came out during the legislature maybe a dozen times ... I was available to visit with (Johnson) but I never

In addition to lobbying disclosure state law also requires that a newly appointed public official must report the source of any compensation in excess of \$50 received during the month preceding the appointment and while serving in office. Hanson's disclosure statement included no mention of the money from Johnson or Northwestern Bell

The participants in the Hanson payment procedure provide different accounts of why it was set up the way it was.

Johnson says he hired Hanson, who was his running mate for the Independent-Republican Party's gubernatorial nomination in 1978, at the suggestion of Weir, who was in charge of regulatory matters for Bell.

Johnson, who serves, among other things, as counsel to the Minnesota Telephone Association, said that Weir's suggestion "made good sense from an industry point of view" because issues related to telephone deregulation were expected to come before the Legislature.

What did Johnson think was the reason for the payment method in . industry lobbying group, but he which he would serve as middle would not name the companies. man?

"I have no idea what would motivate these things, I'm a naive sort of guv. I guess. It smacks to me to be some thing really kind of dumb. If they wanted to hire him they could just

Weir's version of hiring Hanson differs from Johnson's account. Weir said he was trying to assemble an especially strong lobbying team in late 1984 for the tax bill to be voted on in the 1985 legislative session. In November 1984, when Hanson's term was coming to a close, Weir

## Statement by Public Utilities Commissioner Roger Hanson:

"On retiring from the commission at the end of 1984, I was approached about the possibility of doing consultant work for the telephone industry as a whole by working with my long-time friend Bob Johnson on telephone matters.

Treceived pay from Mr. Johnson for the first nine months of 1985 at the rate of \$3,750 a month. The total pay I received was \$33,650 and I paid my own commuting expenses for those nine months, leaving a net salary of about \$25,000 before taxes. This is all I have received or will accept. In my own mind I am confident this was honorable employment, perfectly proper, and at arms length are said only by say only up a contraction.

"When I learned of my reappointment to the commission for an unexpired term my consultant services ceased.

"During the last eight weeks I have now served on the commission no utility has approached me on any issue and the record will, I believe, support my objectivity on all issues that have come before us.

"However, I have now become aware that only one utility was billed for my services rather than a cross section of the industry, as was my understanding, and for that reason I am choosing to not continue to serve on the commission because some of my votes might be perceived as less than objective and I wish to remove even the appearance of impropriety. ngell at appeal amount to the

"I make this decision even though the record will support my six years on the commission, as having been the protector of the small rural but telephone companies and the rural customers they serve have a more

will return to St. Paul on Tuesday and notify the governor a office of my resignation from the commission...

This has been very painful to me because if you take time to talk to others, I am confident you will find I served the public well."

Telephone Association to hire Han- company executives such as John son when he left the PUC.

rector, Edmund Teaman, said the association could not hire him, Weir went to Johnson and suggested the formation of an industry consortium to pay Hanson's salary, according to

Johnson said he recalled some discussion about other companies contributing to Hanson's fee, but he never heard anything more about it from Bell or any other company. Weir insists he talked to other interested companies about joining the

Teaman said he didn't like Weir's suggestion that the association hire Hanson, for both budgetary and ethical reasons, when Welr first discussed it at a California meeting in

Teaman said he admired Hanson but had reservations about the propriety of hiring him because of discussions in the Legislature about prohibiting commissioners from getting jobs in industry immediately after they re-

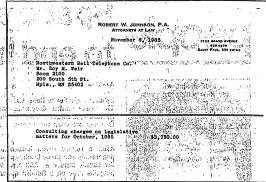
Hanson's fee from Bell caused con-

said he approached the Minnesota cern for some independent phone Rose, manager of Albany Telephone Company and president of the Min-When the association's executive di-it; nesota Telephone Association, Rose! said he has high regard for Hanson's character and knowledge of telephone issues. But, he added, "I have some concern that the arrangement might present some bias . . "

> Bier, Bell's top Minnesota executive. said in an interview Friday he had! little knowledge of Hanson's activities. He said he was told by Welr that the telephone association was hiring, Hanson and that Bell would pay its share. He said he was surprised that: Bell was the only company paying Hanson's fee and mystified at the conflicting accounts of Hanson's

'I wonder why there were so many conflicting stories because fundamantally I don't see anything wrong with the MTA (Minnesota Telephone Association) or, if not the MTA, us hiring Roger for that kind of an effort." Bier said.

In retrospect, does Bier think there is an ethical problem in the hiring of Hanson? "I don't know the dates of the checks or when he took his position, I don't know, I don't know,' Bier said.



A copy of a bill from attorney Robert Johnson to Northwestern Bell for a monthly payment to Roger Hanson. The copy was obtained from Northwestern Bell,