

Commerce Commission, 122 Ill. App. 3d 219, 227 (2nd Dist. 1984), the court, citing the *Illinois Bell* decision, held that a "utility has the burden of proving that any operating expense for which it seeks reimbursement directly benefits the ratepayers or the services which the utility renders." Thus, expenses are recoverable only when the utility can prove them to be reasonable, related to utility services, and of benefit to ratepayers or utility service. The showing required by the Commission for incentive compensation costs to be included in rates fits squarely within these ratemaking principles and is reasonable, and the Company's arguments to the contrary must be rejected.

a. Annual Incentive Plan ("AIP")

i. Financial Net Income Goal

As explained in Staff's Initial Brief, ComEd's request to recover costs related to the financial net income goal must be denied because that goal primarily benefits shareholders. Staff IB, pp. 34-37. ComEd has not raised any new arguments on this issue in its Initial Brief, and Staff has already explained that the Commission has rejected similar arguments in connection with ComEd's earnings per share goal in its last rate case. Staff IB, p. 35. Thus, the Commission has recognized the problem with placing in rates a cost which is a reward for accomplishing a financial metric which will be improved by simply including such costs in rates. ComEd's response to this circular reasoning issue (ComEd IB at p. 45) is little more than a re-hash of various company arguments on various incentive compensation plans' financial goals that have time and again been rejected by this Commission. Staff IB at pp. 36-37. ComEd has not addressed the fact that its net income goals are financially based and, therefore, primarily result in shareholder benefits.