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STEVE CRISAFULLI  
*Speaker of the House of  
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August 5, 2016

Carlotta Stauffer  
Office of Commission Clerk  
Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399

**Re: Docket 160021-EI, 160061-EI, 160062-EI and 160088-EI**

Dear Ms. Stafford,

To correct an inadvertent error related to Exhibit JRW-1 attached to the pre-filed testimony of Dr. J. Randal Woolridge, filed on July 7, 2016, please substitute the following pages in his testimony and exhibits with the attached replacement pages:

Table of Contents and List of Exhibits  
Page 4 of his testimony  
Exhibit JRW-1 (Revised)

The corrected replacement pages have been provided to all the parties. If you have any questions, please contact me.

Best regards,

A handwritten signature in blue ink, appearing to read "Erik L. Saylor".

Erik L. Saylor  
Associate Public Counsel

ELS:bsr  
CC: All Parties of Record (via email)

**FLORIDA POWER & LIGHT COMPANY**  
**DOCKET NO. 160021-EI, et al (consolidated)**

**Direct Testimony of**  
**Dr. J. Randall Woolridge**

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**LIST OF EXHIBITS**

<b><u>Exhibit</u></b>	<b><u>Title</u></b>
JRW-1 (Revised)	Recommended Return on Equity
JRW-2	Interest Rates
JRW-3	Public Utility Bond Yields
JRW-4	Summary Financial Statistics for Proxy Groups
JRW-5	Value Line Risk Metrics for Proxy Groups
JRW-6	The Relationship Between Expected ROE and Market-to-Book Ratios
JRW-7	Utility Capital Cost Indicators
JRW-8	Industry Average Betas
JRW-9	DCF Model
JRW-10	DCF Study
JRW-11	CAPM Study
JRW-12	Florida Power & Light Company’s ROE Results
JRW-13	GDP and S&P 500 Growth Rates

1 recommended a common equity cost rate of 11.0% for FPL.

2

3 **Q. WHAT ARE YOUR RECOMMENDATIONS REGARDING THE**  
4 **APPROPRIATE RATE OF RETURN FOR FPL?**

5 A. My recommended ROE for the Company is 8.75%, as shown on JRW-1 (Revised).

6 This equity cost rate is based on OPC witness Kevin O'Donnell's capital structure.

7 This figure is at the upper end of my equity cost rate range of 7.90% to 8.85%. If the

8 Commission were to adopt the Company's recommended capital structure with a

9 59.60% common equity ratio, a ROE below 8.75% would be appropriate.

10 To estimate an equity cost rate for the Company, I have applied the Discounted  
11 Cash Flow Model ("DCF") and the Capital Asset Pricing Model ("CAPM") to my  
12 proxy group of electric utilities ("Electric Proxy Group"). I have also used Mr.  
13 Hevert's proxy group ("Hevert Proxy Group") for purposes of comparison to my  
14 Electric Proxy Group analysis. Mr. Hevert has also employed an alternative risk  
15 premium ("RP") approach, which he calls the Bond Yield Plus Risk Premium  
16 approach. I have reviewed the Company's proposed capital structure and overall cost  
17 of capital. FPL's proposed capitalization has much more equity and much less financial  
18 risk than the average current capitalizations of electric utility companies. OPC witness  
19 O'Donnell presents OPC's capital structure position, which includes a capital structure  
20 with a common equity ratio of 50.00%.

**Exhibit JRW-1**

**Florida Power & Light Company  
Recommended ROE**

<b>Capital Source</b>	<b>Capitalization Ratio</b>	<b>Cost Rate</b>
<b>Long-Term Debt</b>	<b>50.00%</b>	
<b>Common Equity</b>	<b>50.00%</b>	<b>8.75%</b>
<b>Total</b>	<b>100.00%</b>	