Investing Activities

Capital investments consist of cash capital expenditures and related accruals. Capital investments primarily relate to enhancing and reinforcing of our transmission and distribution infrastructure.

Year ended December 31 *(millions of Canadian dollars)*	**2013**	2012	$ Change	% Change
Transmission	**714**	776	(62)	(8)
Distribution	**673**	671	2	–
Other	**7**	7	–	–
Total capital investments	**1,394**	1,454	(60)	(4)

Transmission

Our 2013 transmission capital investments decreased by $62 million, or 8%, to $714 million, compared to 2012. Investments to expand and reinforce our transmission system were $170 million in 2013, representing a decrease of $143 million, compared to 2012. The decrease was mainly due to the completion of our Bruce to Milton Transmission Reinforcement Project to connect refurbished nuclear and new wind generation sources in the Huron-Grey-Bruce area. This project was placed in-service in May 2012. In addition, we experienced lower expenditures as a result of completing our Commerce Way Transmission Station, a new load supply station in the City of Woodstock to address load growth issues in the Woodstock area, and the Switchyard Reconstruction Project at our Burlington Transmission Station, where two new 115 kV switchyards were constructed to increase the load supply capacity and to ensure reliability of supply to customers in the area. These projects were placed in-service in February 2013 and December 2012, respectively.

During 2013, we continued to invest in inter-area network projects to support the Province's supply mix objectives for generation, and in load customer connections and local area supply projects to address growing loads. Our local area supply project expenditures include investments in our Midtown Transmission Reinforcement Project, which will provide additional supply capability to meet future load growth in midtown Toronto as well as areas to the west. Work at our Hearn Switching Station was partially completed in December 2013, where we rebuilt an existing switchyard that had reached its end-of-life. This project will also increase short circuit capability to accommodate future connection of renewable generation in central and downtown Toronto. We are also constructing our Lambton to Longwood Transmission Upgrade to increase transmission capability between our Lambton (Sarnia) and Longwood (London) transmission stations. This project is needed to satisfy government policy relating to the incorporation of 10,700 MW of non-hydroelectric renewable generation resources by 2021.

Investments to sustain our existing transmission system were $481 million in 2013, representing an increase of $89 million, compared to 2012. In 2013, we made significant investments in the refurbishment and replacement of end-of-life equipment for overhead lines and system re-investments in order to improve reliability, as well as replacement of circuit breakers. In addition, we have experienced higher expenditures associated with the timing of work related to the replacement of end-of-life power transformers. We continued work on replacing end-of-life underground transmission cables between our Strachan Transmission Station and Riverside Junction. These new underground cables will maintain a reliable supply of electricity to downtown Toronto. These increases were partially offset by lower expenditures related to the replacement of protection and control equipment.

Our other transmission capital investments were $63 million in 2013, representing a decrease of $8 million, compared to 2012. The decrease was mainly due to lower requirements associated with IT initiatives, including our entity-wide SAP information system replacement and improvement project, and timing of field facilities improvements. These reductions were partially offset by increased fleet acquisitions and emergency flood restoration work at our Richview transmission station caused by a major rainstorm in July 2013.