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SENT BY EMAIL AND COURIER

Toronto, June 11, 2009

Ontario Energy Board
Suite 2700
2300 Yonge Street
Toronto, ON M4P 1E4

Attention: Ms Kirsten Walli, Board Secretary

Dear Ms. Walli:

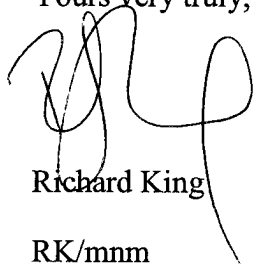
**RE: Kitchener-Wilmot Hydro Inc.
Application for a Licence Amendment
of Electricity Distribution Licence ED-2002-0573
Board File No. EB-2009-0138**

We are counsel to Kitchener-Wilmot Hydro Inc. ("KWH"). For the purposes of tomorrow's submissions, please find attached the following documents:

- Cancellation Form from KWH's accounts receivable insurance company (Euler Hermes ACI) dated January 29, 2009. Pursuant to this insurance policy, KWH insures the receivables of its 25 largest customers. Euler Hermes cancelled coverage for Lear Corporation under KWH's policy earlier this year based on Lear Corporation's corporate credit rating being downgraded from B3 to Caa2 by Moody's in January 2009.
- Reports showing Lear Corporation's credit rating being further downgraded last week, as follows: (a) Moody's downgrading probability of default rating from Caa2 to Ca; and (b) Standard & Poor's lowering its corporate credit rating to D (default) from CCC+. The ratings definitions for Moody's and Standard & Poor's are also shown for convenience.
- Diagram demonstrating KWH's risk exposure in the event of a payment default by Lear.

I will bring additional copies tomorrow morning. Please contact me if you have any questions.

Yours very truly,

A handwritten signature in black ink, appearing to be 'RK' with a large loop at the end.

Richard King

RK/mnm

Encl.

cc. Gerry Guthrie (Kitchener-Wilmot Hydro Inc.), *via email*
 Keith Drimmie (Lear Corporation Canada Ltd.), *via email*
 Julie Doherty (Ontario Energy Board), *via email*
 Ljuba Cochrane (Ontario Energy Board), *via email*

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EULER HERMES ACI

JUSTIFICATION FOR REDUCTION/CANCELLATION (please send also to other BU(s) if exposure monitored on behalf of other BUs > €500k)

Coverage will be canceled on the following buyer:

Euler ID: 6461925 and subsidiaries (see subsidiary listing below):

Debtor Name	Lear Corporation
City	Southfield
State / Country	MI, USA
Trade Sector	Tier 1 Automotive Supplier
Prior Risk Grade	6
New Risk Grade	9
Date of Last Review	November, 2008
Total amount of EHACI policyholder exposure (incl. US, Canada & Latin America)	[REDACTED]
Total amount of exposure monitored by EHACI	[REDACTED]
Total amount of exposure for EM Group	[REDACTED]
# policyholders with named coverage	[REDACTED]
# opinions or limits monitored for other BUs	[REDACTED]
Action being taken	Cancellation
Date action to take place	Tuesday February 10, 2009.
Pre-claims activity (Yes or No)	No

(EFFECTIVE APRIL 10, 2009
DUE TO 60 DAY NOTICE PERIOD)

Non-confidential Information:

On January 6th, Lear announced that it had begun negotiations with its lenders seeking an amendment and waiver under its primary credit facility in light of current and longer-term industry conditions.


Subsequently, Moody's rating agency downgraded Lear's corporate credit rating to Caa2 from B3 citing, "the company had indicated in its [third quarter] earnings announcement that it did not anticipate any near term covenant compliance problems, yet the rapid deterioration in the business is now likely to cause covenant breaches, prompting the company's decision to seek amendments and waivers from its bank group. Lear will seek to complete the amendment and waiver prior to finalizing its 2008 financial statements, but the terms and conditions under which banks might be willing to provide the amendments and waivers are unclear at this time." Citing similar rationale, S&P cut Lear's rating to B- with a negative outlook on January 13th (its senior unsecured and subordinated debts are rated at CCC+). Subsequently, S&P lowered the rating again to CCC+ on January 30th.

The company released its 4Q earnings on January 29th. These show significant declines in revenues and large losses (in part related to a \$530M goodwill impairment charge). Revenues were off 33% during the quarter and the company was free cash flow negative. Lear fully drew down its \$1.3B credit facility in the 4Q to "protect against disruptions in the capital markets and to further bolster its liquidity position. As a result of voluntarily electing not to repay its revolver borrowings, the company is no longer in compliance with its leverage ratio covenant. The company announced that cash balances stood at \$1.6B as of December 31st. Despite this liquidity the company's primary credit facility consists of the above mentioned revolver and a \$1B term-loan. Should amendments not be granted or the current \$2.3B facility be reduced in size, Lear's liquidity would be significantly strained. The company burned \$71M in cash during the year. Volume declines, weak operations, and additional restructuring will likely strain cash flow well into 2009, this reasoning was specifically cited on S&P's rating action on January 30th.

This decision results from significant and prolonged industry deterioration, expectations for lower production volumes in 2009 and compliance issues surrounding the credit facility covenants. Justification for Lear's prior reduction is attached for reference.

Prepared by: Aaron Rutstein
Date: January 29th, 2009

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BRIEF-Moody's downgrades Lear Corp PDR, CFR to Ca

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June 3 (Reuters) - Lear Corp:

* Moody's lowers Lear's probability of default rating to Ca from Caa2

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RatingsXpress™ Credit Research

RESEARCH

5

Lear Corp. Downgraded To 'D' On Nonpayment Of Interest On Senior Notes

Publication date:

02-Jun-2009

Primary Credit Analyst:

Lawrence Orlowski, CFA, New York (1) 212-438-7800;
lawrence_orlowski@standardandpoors.com

-- Lear Corp. announced that it has chosen not to make interest payments due June 1, 2009, on its 8.50% and 8.75% senior notes.

-- We lowered the corporate credit rating to 'D' and the issue ratings on the issues whose interest was not paid to 'D'.

-- Among other alternatives, we believe the company could pursue a distressed debt exchange or file for bankruptcy under Chapter 11.

NEW YORK (Standard & Poor's) June 2, 2009--On June 2, 2009, Standard & Poor's Ratings Services lowered its corporate credit rating on Lear Corp. to 'D' (default) from 'CCC+' and lowered the issue-level rating on the company's senior unsecured debt that did not receive the scheduled interest payment to 'D' from 'CCC'. We lowered the rating on the senior secured debt to 'CC' from 'B', and the rating on the other senior unsecured debt to 'C' from 'CCC'.

The company announced on June 1, 2009, that it has chosen not to make interest payments due that day for its 8.50% senior notes due in 2013 and 8.75% senior notes due in 2016. Under the indentures governing the senior notes, Lear has a 30-day grace period to make interest payments on these notes before there is an event of default. We are not confident that Lear will make the payments within the grace period. Among other outcomes, the company might pursue a distressed exchange or file for bankruptcy under Chapter 11.

If Lear pursues a distressed exchange, we expect to assign a new corporate credit rating within a short time after such an announcement. The new rating will be based on, among other things, our assessment of the company's new capital structure and liquidity profile.

Complete ratings information is available to RatingsDirect subscribers at www.ratingsdirect.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com; select your preferred country or region, then Ratings in the left navigation bar, followed by Find a Rating.

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ABOUT MOODY'S

Rating Definitions

Probability of Default Ratings

A probability of default rating (PDR) is an issuer-level opinion of the relative likelihood that any entity within a corporate family will default on one or more of its debt obligations.

For families not in default, PDRs are expressed using Moody's long-term rating scale for obligations and Corporate Family Ratings. Families for which all or essentially all obligations are in default (such as might be the case in bankruptcy), will be assigned a "D" probability of default rating. Families in default on a limited set of obligations will be assigned an "LD" probability of default rating.

Aaa

Obligors rated Aaa are judged to be of the highest quality, with minimal default risk.

Aa

Obligors rated Aa are judged to be of high quality and are subject to very low default risk.

A

Obligors rated A are considered upper-medium grade and are subject to low default risk.

Baa

Obligors rated Baa are subject to moderate default risk. They are considered medium-grade and as such may possess certain speculative characteristics.

Ba

Obligors rated Ba are judged to have speculative elements and are subject to substantial default risk.

B

Obligors rated B are considered speculative and are subject to high default risk.

Caa

Obligors rated Caa are judged to be of poor standing and are subject to very high default risk.

Ca

Obligors rated Ca are highly speculative and are likely in, or very

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near, default, with some prospect of recovery of principal and interest.

D

Obligors rated D are in default on all obligations.

LD

Obligors rated LD are in default on a limited set of obligations.

Note: Moodys appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

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Moody's Investors Service

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11 JUN 2009, 16:11 Eastern Time

Standard & Poor's Ratings Definitions

(Editor's Note: The Ratings Definitions have been republished to add Standard & Poor's ASEAN regional scale ratings definitions.)

ISSUE CREDIT RATING DEFINITIONS

A Standard & Poor's issue credit rating is a current opinion of the creditworthiness of an obligor with respect to a specific financial obligation, a specific class of financial obligations, or a specific financial program (including ratings on medium-term note programs and commercial paper programs). It takes into consideration the creditworthiness of guarantors, insurers, or other forms of credit enhancement on the obligation and takes into account the currency in which the obligation is denominated. The opinion evaluates the obligor's capacity and willingness to meet its financial commitments as they come due, and may assess terms, such as collateral security and subordination, which could affect ultimate payment in the event of default. The issue credit rating is not a statement of fact or recommendation to purchase, sell, or hold a financial obligation or make any investment decisions. Nor is it a comment regarding an issue's market price or suitability for a particular investor.

Issue credit ratings are based on current information furnished by the obligors or obtained by Standard & Poor's from other sources it considers reliable. Standard & Poor's does not perform an audit in connection with any credit rating and may, on occasion, rely on unaudited financial information. Credit ratings may be changed, suspended, or withdrawn as a result of changes in, or unavailability of, such information, or based on other circumstances.

Issue credit ratings can be either long term or short term. Short-term ratings are generally assigned to those obligations considered short-term in the relevant market. In the U.S., for example, that means obligations with an original maturity of no more than 365 days—including commercial paper. Short-term ratings are also used to indicate the creditworthiness of an obligor with respect to put features on long-term obligations. The result is a dual rating, in which the short-term rating addresses the put feature, in addition to the usual long-term rating. Medium-term notes are assigned long-term ratings.

Long-Term Issue Credit Ratings

Issue credit ratings are based, in varying degrees, on the following considerations:

- Likelihood of payment—capacity and willingness of the obligor to meet its financial commitment on an obligation in accordance with the terms of the obligation;
- Nature of and provisions of the obligation;
- Protection afforded by, and relative position of, the obligation in the event of bankruptcy, reorganization, or other arrangement under the laws of bankruptcy and other laws affecting creditors' rights.

Issue ratings are an assessment of default risk, but may incorporate an assessment of relative seniority or ultimate recovery in the event of default. Junior obligations are typically rated lower than senior obligations, to reflect the lower priority in bankruptcy, as noted above. (Such differentiation may apply when an entity has both senior and subordinated obligations, secured and unsecured obligations, or operating company and holding company obligations.)

AAA

An obligation rated 'AAA' has the highest rating assigned by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is extremely strong.

AA

An obligation rated 'AA' differs from the highest-rated obligations only to a small degree. The obligor's capacity to meet its financial commitment on the obligation is very strong.

A

An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.

BBB

An obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

BB, B, CCC, CC, and C

Obligations rated 'BB', 'B', 'CCC', 'CC', and 'C' are regarded as having significant speculative characteristics. 'BB' indicates the least degree of speculation and 'C' the highest. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions.

BB

An obligation rated 'BB' is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

B

An obligation rated 'B' is more vulnerable to nonpayment than obligations rated 'BB', but the obligor currently has the capacity to meet its financial commitment on the obligation. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitment on the obligation.

CCC

An obligation rated 'CCC' is currently vulnerable to nonpayment, and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation. In the event of adverse business, financial, or economic conditions, the obligor is not likely to have the capacity to meet its financial commitment on the obligation.

CC

An obligation rated 'CC' is currently highly vulnerable to nonpayment.

C

A 'C' rating is assigned to obligations that are currently highly vulnerable to nonpayment, obligations that have payment arrearages allowed by the terms of the documents, or obligations of an issuer that is the subject of a bankruptcy petition or similar action which have not experienced a payment default. Among others, the 'C' rating may be assigned to subordinated debt, preferred stock or other obligations on which cash payments have been

suspended in accordance with the instrument's terms or when preferred stock is the subject of a distressed exchange offer, whereby some or all of the issue is either repurchased for an amount of cash or replaced by other instruments having a total value that is less than par.

➔ **D**

An obligation rated 'D' is in payment default. The 'D' rating category is used when payments on an obligation are not made on the date due even if the applicable grace period has not expired, unless Standard & Poor's believes that such payments will be made during such grace period. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of similar action if payments on an obligation are jeopardized. An obligation's rating is lowered to 'D' upon completion of a distressed exchange offer, whereby some or all of the issue is either repurchased for an amount of cash or replaced by other instruments having a total value that is less than par.

Plus (+) or minus (-)

The ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

NR

This indicates that no rating has been requested, that there is insufficient information on which to base a rating, or that Standard & Poor's does not rate a particular obligation as a matter of policy.

Short-Term Issue Credit Ratings

A-1

A short-term obligation rated 'A-1' is rated in the highest category by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitment on these obligations is extremely strong.

A-2

A short-term obligation rated 'A-2' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However, the obligor's capacity to meet its financial commitment on the obligation is satisfactory.

A-3

A short-term obligation rated 'A-3' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

B

A short-term obligation rated 'B' is regarded as having significant speculative characteristics. Ratings of 'B-1', 'B-2', and 'B-3' may be assigned to indicate finer distinctions within the 'B' category. The obligor currently has the capacity to meet its financial commitment on the obligation; however, it faces major ongoing uncertainties which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

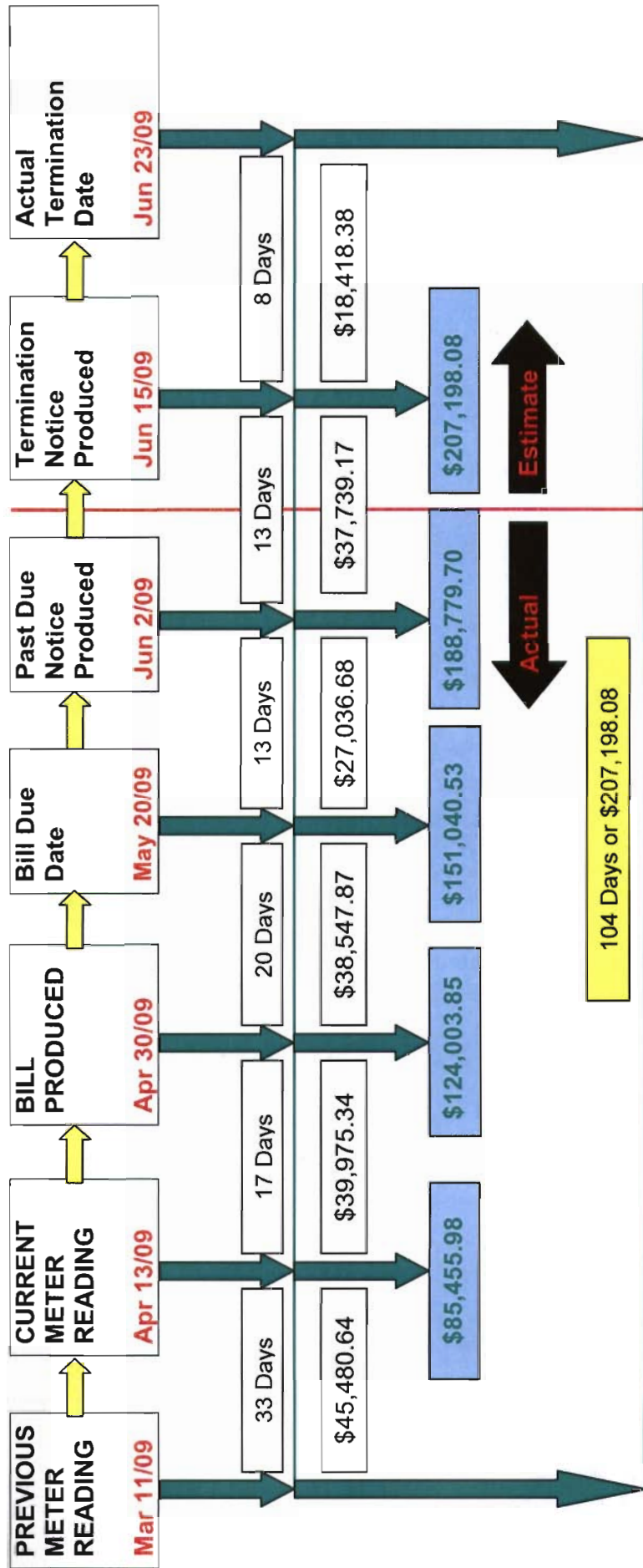
B-1.

A short-term obligation rated 'B-1' is regarded as having significant speculative characteristics, but the obligor has a relatively stronger capacity to meet its financial commitments over the short-term compared to other speculative-grade obligors.

RISK EXPOSURE TO KITCHENER-WILMOT HYDRO INC. IN THE EVENT OF

PAYMENT DEFAULT

LEAR SEATING MONTHLY BILLING >50 KW DEMAND



104 DAYS (MORE THAN 3 MONTHS) FROM START OF CONSUMPTION TO TERMINATION DATE