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JAMES WILLIAM BARNETT
JAMES HADDEN DEAN
HENRY VINCENT PENNINGTON, III
RAMONA CASTELLVI LITTLE
STEPHEN ABELL DEXTER

OF COUNSEL
ELIZABETH NICKELS LENN

RETIRED
JAMES G. SHEEHAN, JR.

January 4, 2012

Mr. Jeff Derouen
Executive Director
Public Service Commission
211 Sower Boulevard
Frankfort, KY 40602

RECEIVED

JAN 06 2012

PUBLIC SERVICE
COMMISSION

RE: Case No. 2011-00439

Dear Mr. Derouen:

In keeping with the Commission's Order in Case 2011-00439 dated December 8, 2011 please note that Inter-County's transaction with CoBank refinancing existing RUS 5% debt was completed on December 30, 2011. Order #3 stated that Inter-County shall comply with all matters set out in finding paragraphs 3 through 6 as if they were individually so ordered:

Paragraph 3 – *Within 10 days of finalizing the refinancing transaction, Inter-County should notify the Commission in writing of the exact amount of the new CoBank loan. Inter-County should include with the notice an updated version of Exhibit 3, Attachment B, pages 4 through 16, of its application, reflecting the savings based on the actual amount of the new CoBank loan.*

The exact amount of the new CoBank loan is \$2,354,390.54. Please refer to Inter-County's initial application for Exhibit 3, Attachment B, pages 4 through 16 as nothing has changed.

Paragraph 4 - *Within 10 days of the execution of the new CoBank loan documents, Inter-County should file three copies of the loan documents with the Commission.*

Three (3) bound copies are enclosed.

Paragraph 5 – *The proceeds from the proposed loan should be used only for the lawful purposes set out in Inter-County's application.*

All proceeds from the loan were used to pay off existing RUS 5% debt.

Paragraph 6 – *The terms and conditions of the new CoBank loan should be consistent with the CoBank refinancing program as described in Inter-County's application.*

Terms and conditions of the new CoBank loan are consistent with the CoBank refinancing program as described in Inter-County's application.


It is our understanding that this letter and accompanying documents will satisfy all requirements related to orders set out in Case No. 2011-00439.

SHEEHAN, BARNETT, DEAN, PENNINGTON,
LITTLE & DEXTER, PSC

BY: 

JAMES HADDEN DEAN
COUNSEL TO INTER-COUNTY ENERGY
COOPERATIVE CORPORATION


INTER COUNTY
ENERGY COOPERATIVE

A Touchstone Energy Cooperative 

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JAN 06 2012

PUBLIC SERVICE
COMMISSION

CASE NO. 2011-00439

**Inter-County Energy Loan Documents
For CoBank Refinance of RUS Debt**

January 4, 2012

P. O. Box 87 • Danville, KY 40423-0087 • (859) 236-4561

INTER-COUNTY ENERGY COOPERATIVE

P. O. Box 87 • Danville, KY 40423-0087

Case No. 2011-00439

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CoBANK, ACB

APPLICATION FOR CREDIT
(Utility Borrowers)

Date: 12/16/11

- 1. NAME of Applicant: INTER-COUNTY ENERGY COOPERATIVE CORPORATION
- 2. MAILING ADDRESS P.O. Box 87, Danville, Kentucky 40423
- STREET ADDRESS (if different): 100 Hustonville Rd., Danville, Kentucky 40423
- 3. Federal TAX ID Number: 61-0235235

4. TYPE AND AMOUNT of credit applied for (if renewal of existing lines without change in amount or change in utilization or purpose, check here [] and skip to item 6):

<input type="checkbox"/>	Line of credit in the amount of	\$ _____
<input checked="" type="checkbox"/>	New term loan in the amount of	\$2,354,390.54
<input type="checkbox"/>	Other (specify type and amount) Type _____	\$ _____

5. PURPOSE of credit applied for: To refinance the unpaid principal balance of the loan(s) made to the Company by the Rural Utilities Service.

6. To induce CoBank to extend the credit applied for, the applicant represents and warrants that:

(A) To its knowledge and **EXCEPT AS DISCLOSED BELOW**, the applicant is in compliance with the terms and conditions of its agreements with CoBank, including the obligation to notify CoBank of the commencement of material litigation, of the receipt of environmental and regulatory notices and pleadings, and of other matters as required by the agreements between the parties. **DISCLOSE ANY EXCEPTIONS HERE. IF NONE, SO STATE:** _____

If more space is needed, check here [] and attach an additional page.

(B) **AMENDMENTS TO BYLAWS OR OPERATING AGREEMENT.** There have been no amendments to the applicant's Bylaws or Operating Agreement since last submitted to CoBank, except as shown on the copy, certified true and correct by the applicant's corporate secretary or manager, attached hereto. **PLEASE CHECK HERE IF ANY BYLAWS OR OPERATING AGREEMENT AMENDMENTS ARE ATTACHED []**.

AMENDMENTS TO ARTICLES OF INCORPORATION OR FORMATION. Please be advised that CoBank will order on behalf of the Applicant a certified copy of any amendments made to the Applicant's articles of incorporation or articles of organization since last submitted to CoBank and a certificate of good standing or similar type of certification from the Secretary of State for the state of incorporation or formation.

This application is subject to 18 U.S.C. 1014, which imposes criminal penalties for knowingly making a false statement to the bank.

**PROMISSORY NOTE AND
SINGLE ADVANCE TERM LOAN SUPPLEMENT
(RUS REFINANCE)**

THIS PROMISSORY NOTE AND SUPPLEMENT (this "Promissory Note and Supplement") to the Master Loan Agreement dated as of July 19, 2010, (the "MLA") is entered into as of November 25, 2011 between **INTER-COUNTY ENERGY COOPERATIVE CORPORATION, Danville, Kentucky**, a Kentucky corporation (the "Company") and **CoBank, ACB**, a federally chartered instrumentality of the United States ("CoBank").

SECTION 1. The Term Loan. On the terms and conditions set forth in the MLA and this Promissory Note and Supplement, CoBank agrees to make a loan to the Company in an amount not to exceed \$2,354,390.54 (the "Commitment"). The Commitment shall expire at 12:00 noon (Company's local time) on December 30, 2011, or on such later date as CoBank may, in its sole discretion, authorize in writing.

SECTION 2. Purpose. The purpose of the Commitment is to refinance the unpaid principal balance of the loan(s) made to the Company by the Rural Utilities Service ("RUS") and identified on **Exhibit A** hereto (individually or collectively, the "Existing RUS Loan(s)").

SECTION 3. Availability. Notwithstanding Section 2 of the MLA and provided that each of the conditions precedent set forth herein and in the MLA have been satisfied, the loan will be made available to the Company on a date to be agreed upon by the parties (the "Closing Date"). The loan will be made available in a single advance by CoBank wire transferring the proceeds of the loan to RUS.

SECTION 4. Interest. The Company agrees to pay interest on the unpaid balance of the loan(s) in accordance with one or more of the following interest rate options, as selected by the Company:

(A) **Weekly Quoted Variable Rate.** At a rate per annum equal at all times to the rate of interest established by CoBank on the first Business Day of each week. The rate established by CoBank shall be effective until the first Business Day of the next week. Each change in the rate shall be applicable to all balances subject to this option and information about the then current rate shall be made available upon telephonic request.

(B) **Quoted Rate Option.** At a fixed rate per annum to be quoted by CoBank in its sole discretion in each instance. Under this option, rates may be fixed on such balances and for such periods, as may be agreeable to CoBank in its sole discretion in each instance, provided that: (1) the minimum fixed period shall be 180 days; (2) amounts may be fixed in increments of \$100,000.00 or multiples thereof; and (3) the maximum number of fixes in place at any one time shall be five. The Company has selected a fixed rate of 4.48% per annum through the maturity date of November 30, 2028.

The Company shall select the applicable rate option at the time it requests a loan hereunder and may, subject to the limitations set forth above, elect to convert balances bearing interest at the variable rate option to one of the fixed rate options. Upon the expiration of any fixed rate period, interest shall

Promissory Note and
Single Advance Term Loan Supplement (RUS Refinance) RI0902T2
INTER-COUNTY ENERGY COOPERATIVE CORPORATION
Danville, Kentucky

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SECTION 10. Additional Affirmative Covenants. In addition to the Affirmative Covenants set forth in the MLA, the Company agrees that: (A) if for any reason the funds remitted to RUS are insufficient to discharge all of the Company's obligations to RUS for or on account of the Existing RUS Loan(s), the Company will promptly make such additional payments to RUS as may be required to discharge such obligations in full; and (B) on or before the date that is 120 days after the Closing Date, the Company will: (1) obtain all required signatures on a Supplemental or Restated Mortgage (the "Supplemental or Restated Mortgage") adding this Promissory Note and Supplement as a secured note under the RUS Mortgage; (2) perfect the first priority lien on and security interest in the property described in the RUS Mortgage as supplemented or restated by the Supplemental or Restated Mortgage and provide to CoBank satisfactory evidence that the Supplemental or Restated Mortgage has been duly recorded as a mortgage on all real property, and duly filed, recorded, or indexed as a security interest in all personal property wherever CoBank shall have requested, all in accordance with applicable law; (3) furnish to CoBank recorded file stamped copies of the Supplemental or Restated Mortgage along with proof that all required taxes and fees have been paid in connection with the Supplemental or Restated Mortgage; and (4) furnish to CoBank an updated opinion of counsel (which opinion of counsel must be acceptable to CoBank).

IN WITNESS WHEREOF, the parties have caused this Promissory Note and Supplement to the MLA to be executed by their duly authorized officers as of the date shown above.

CoBANK, ACB

**INTER-COUNTY ENERGY COOPERATIVE
CORPORATION**

By: _____

By: James L. Jacobs

Title: _____

Title: President/CEO

Promissory Note and
 Single Advance Term Loan Supplement (RUS Refinance) RI0902T2
 INTER-COUNTY ENERGY COOPERATIVE CORPORATION
 Danville, Kentucky

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EXHIBIT B
To Supplement No. RI0902T2

REPAYMENT SCHEDULE

Aggregate Amortization			
Payment Date	Beginning Balance	Principal Payment	Ending Balance
Initial Balance	\$2,354,390.54		
1/31/2012	2,354,390.54	7,201.36	2,347,189.18
2/29/2012	2,347,189.18	7,884.36	2,339,304.82
3/31/2012	2,339,304.82	7,266.31	2,332,038.51
4/30/2012	2,332,038.51	7,621.50	2,324,417.01
5/31/2012	2,324,417.01	7,330.41	2,317,086.60
6/30/2012	2,317,086.60	7,683.79	2,309,402.81
7/31/2012	2,309,402.81	7,395.06	2,302,007.75
8/31/2012	2,302,007.75	7,426.90	2,294,580.85
9/30/2012	2,294,580.85	7,777.57	2,286,803.28
10/31/2012	2,286,803.28	7,492.36	2,279,310.92
11/30/2012	2,279,310.92	7,841.20	2,271,469.72
12/31/2012	2,271,469.72	7,558.38	2,263,911.34
1/31/2013	2,263,911.34	7,590.92	2,256,320.42
2/28/2013	2,256,320.42	8,563.74	2,247,756.68
3/31/2013	2,247,756.68	7,660.48	2,240,096.20
4/30/2013	2,240,096.20	8,004.59	2,232,091.61
5/31/2013	2,232,091.61	7,727.92	2,224,363.69
6/30/2013	2,224,363.69	8,070.14	2,216,293.55
7/31/2013	2,216,293.55	7,795.94	2,208,497.61
8/31/2013	2,208,497.61	7,829.51	2,200,668.10
9/30/2013	2,200,668.10	8,168.87	2,192,499.23
10/31/2013	2,192,499.23	7,898.40	2,184,600.83
11/30/2013	2,184,600.83	8,235.81	2,176,365.02
12/31/2013	2,176,365.02	7,967.86	2,168,397.16
1/31/2014	2,168,397.16	8,002.17	2,160,394.99
2/28/2014	2,160,394.99	8,936.79	2,151,458.20
3/31/2014	2,151,458.20	8,075.10	2,143,383.10
4/30/2014	2,143,383.10	8,407.56	2,134,975.54
5/31/2014	2,134,975.54	8,146.07	2,126,829.47
6/30/2014	2,126,829.47	8,476.53	2,118,352.94
7/31/2014	2,118,352.94	8,217.63	2,110,135.31
8/31/2014	2,110,135.31	8,253.02	2,101,882.29
9/30/2014	2,101,882.29	8,580.48	2,093,301.81

Promissory Note and
 Single Advance Term Loan Supplement (RUS Refinance) RI0902T2
 INTER-COUNTY ENERGY COOPERATIVE CORPORATION
 Danville, Kentucky

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4/30/2018	1,703,976.58	10,238.42	1,693,738.16
5/31/2018	1,693,738.16	10,045.83	1,683,692.33
6/30/2018	1,683,692.33	10,322.93	1,673,369.40
7/31/2018	1,673,369.40	10,133.53	1,663,235.87
8/31/2018	1,663,235.87	10,177.17	1,653,058.70
9/30/2018	1,653,058.70	10,450.58	1,642,608.12
10/31/2018	1,642,608.12	10,265.98	1,632,342.14
11/30/2018	1,632,342.14	10,536.90	1,621,805.24
12/31/2018	1,621,805.24	10,355.55	1,611,449.69
1/31/2019	1,611,449.69	10,400.14	1,601,049.55
2/28/2019	1,601,049.55	11,112.02	1,589,937.53
3/31/2019	1,589,937.53	10,492.76	1,579,444.77
4/30/2019	1,579,444.77	10,757.30	1,568,687.47
5/31/2019	1,568,687.47	10,584.25	1,558,103.22
6/30/2019	1,558,103.22	10,846.22	1,547,257.00
7/31/2019	1,547,257.00	10,676.52	1,536,580.48
8/31/2019	1,536,580.48	10,722.49	1,525,857.99
9/30/2019	1,525,857.99	10,980.58	1,514,877.41
10/31/2019	1,514,877.41	10,815.93	1,504,061.48
11/30/2019	1,504,061.48	11,071.40	1,492,990.08
12/31/2019	1,492,990.08	10,910.17	1,482,079.91
1/31/2020	1,482,079.91	10,957.14	1,471,122.77
2/29/2020	1,471,122.77	11,412.96	1,459,709.81
3/31/2020	1,459,709.81	11,053.46	1,448,656.35
4/30/2020	1,448,656.35	11,302.25	1,437,354.10
5/31/2020	1,437,354.10	11,149.71	1,426,204.39
6/30/2020	1,426,204.39	11,395.81	1,414,808.58
7/31/2020	1,414,808.58	11,246.78	1,403,561.80
8/31/2020	1,403,561.80	11,295.20	1,392,266.60
9/30/2020	1,392,266.60	11,537.21	1,380,729.39
10/31/2020	1,380,729.39	11,393.51	1,369,335.88
11/30/2020	1,369,335.88	11,632.75	1,357,703.13
12/31/2020	1,357,703.13	11,492.66	1,346,210.47
1/31/2021	1,346,210.47	11,542.14	1,334,668.33
2/28/2021	1,334,668.33	12,147.94	1,322,520.39
3/31/2021	1,322,520.39	11,644.14	1,310,876.25
4/30/2021	1,310,876.25	11,876.34	1,298,999.91
5/31/2021	1,298,999.91	11,745.40	1,287,254.51
6/30/2021	1,287,254.51	11,974.76	1,275,279.75
7/31/2021	1,275,279.75	11,847.54	1,263,432.21
8/31/2021	1,263,432.21	11,898.54	1,251,533.67
9/30/2021	1,251,533.67	12,123.60	1,239,410.07

Promissory Note and
 Single Advance Term Loan Supplement (RUS Refinance) RI0902T2
 INTER-COUNTY ENERGY COOPERATIVE CORPORATION
 Danville, Kentucky

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4/30/2025	684,585.44	14,485.88	670,099.56
5/31/2025	670,099.56	14,453.17	655,646.39
6/30/2025	655,646.39	14,606.46	641,039.93
7/31/2025	641,039.93	14,578.29	626,461.64
8/31/2025	626,461.64	14,641.05	611,820.59
9/30/2025	611,820.59	14,789.07	597,031.52
10/31/2025	597,031.52	14,767.77	582,263.75
11/30/2025	582,263.75	14,912.22	567,351.53
12/31/2025	567,351.53	14,895.55	552,455.98
1/31/2026	552,455.98	14,959.69	537,496.29
2/28/2026	537,496.29	15,248.06	522,248.23
3/31/2026	522,248.23	15,089.75	507,158.48
4/30/2026	507,158.48	15,225.16	491,933.32
5/31/2026	491,933.32	15,220.28	476,713.04
6/30/2026	476,713.04	15,352.01	461,361.03
7/31/2026	461,361.03	15,351.90	446,009.13
8/31/2026	446,009.13	15,418.00	430,591.13
9/30/2026	430,591.13	15,544.19	415,046.94
10/31/2026	415,046.94	15,551.31	399,495.63
11/30/2026	399,495.63	15,673.76	383,821.87
12/31/2026	383,821.87	15,685.75	368,136.12
1/31/2027	368,136.12	15,753.29	352,382.83
2/28/2027	352,382.83	15,967.95	336,414.88
3/31/2027	336,414.88	15,889.86	320,525.02
4/30/2027	320,525.02	16,002.80	304,522.22
5/31/2027	304,522.22	16,027.18	288,495.04
6/30/2027	288,495.04	16,136.26	272,358.78
7/31/2027	272,358.78	16,165.67	256,193.11
8/31/2027	256,193.11	16,235.27	239,957.84
9/30/2027	239,957.84	16,338.49	223,619.35
10/31/2027	223,619.35	16,375.51	207,243.84
11/30/2027	207,243.84	16,474.80	190,769.04
12/31/2027	190,769.04	16,516.95	174,252.09
1/31/2028	174,252.09	16,588.07	157,664.02
2/29/2028	157,664.02	16,703.28	140,960.74
3/31/2028	140,960.74	16,731.41	124,229.33
4/30/2028	124,229.33	16,820.70	107,408.63
5/31/2028	107,408.63	16,875.87	90,532.76
6/30/2028	90,532.76	16,961.11	73,571.65
7/31/2028	73,571.65	17,021.55	56,550.10
8/31/2028	56,550.10	17,094.84	39,455.26
9/30/2028	39,455.26	17,173.92	22,281.34

**NOTIFICATION OF REFINANCING
UNDER SECTION 2.02 OF THE MORTGAGE**

December 30, 2011

VIA FACSIMILE TO (202) 720-3330
Rural Utilities Service
United States Department of Agriculture
Washington, DC 20250-1500
Attention: Brian D. Jenkins, Operations Branch Chief Northern Region

VIA FACSIMILE TO (703) 467-8943
National Rural Utilities Cooperative Finance Corporation
20701 Cooperative Way
Dulles, Virginia 20166-6691
Attention: Michelle McGhee

Pursuant to Section 2.02 of your RUS Restated Mortgage and Security Agreement (the "Mortgage"), please take notice that **Inter-County Energy Cooperative Corporation** (the "Company") intends to refinance the loan or loans identified on **Exhibit A** hereto. Such loan or loans (hereinafter, the "loan(s)") were made by the Rural Utilities Service ("RUS") and are secured by the Mortgage. The refinancing loan(s) are being provided by CoBank, ACB ("CoBank") and will be secured under the Mortgage as Additional Notes.

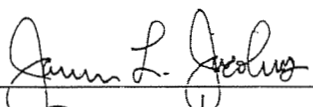
On behalf of the Company and pursuant to the RUS loan contract, I hereby certify that: (1) no "Event of Default" (as defined in the Mortgage) or event which with the giving of notice or lapse of time or both would become an Event of Default, has occurred and is continuing; (2) the amount of the refinancing loan(s), together with any additional payments to RUS from the Company, will be the same as the unpaid principal balance of the loan(s) being refinanced; and (3) the weighted average life of the refinancing loan(s) is not greater than the weighted average life of the loan(s) being refinanced. If you would like a certificate calculating the weighted average lives, please let me know.

CoBank will prepare and circulate for execution a Supplemental Mortgage required to add the refinancing loan(s) as secured loans under the Mortgage. We will contact you to obtain and verify your note information for the exhibit to the Supplemental Mortgage.

Thank you in advance for your cooperation.

Sincerely,

Inter-County Energy Cooperative Corporation

By: 
Its: PRESIDENT / CEO

REQUEST FOR LOAN

TO: CoBANK, ACB
Attention: Closing

FROM: Inter-County Energy Cooperative Corporation

DATE: December 30, 2011

SUBJECT: REQUEST FOR LOAN

Reference is hereby made to the Promissory Note and Single Advance Term Loan Supplement(s) (RUS Refinance) dated as of November 25, 2011, and numbered RI0902T2 (individually or collectively, the "Note and Supplement(s)") between Inter-County Energy Cooperative Corporation (the "Company") and CoBANK, ACB ("CoBank"). All capitalized terms used herein and not defined herein shall have the meanings given to them in the Note and Supplement(s).

Pursuant to Section 9 of the Note and Supplement(s), the undersigned, a duly authorized officer of the Company, on behalf of the Company, hereby requests that CoBank make the following loan or loans (individually or collectively, the "Loan(s)") to the Company on December 30, 2011:

CoBank Loan Number(s)	Amount
RI0902T2	\$2,354,390.54

The undersigned hereby certifies that the Company has remitted \$ 16,460.71 to CoBank, by wire transfer of immediately available funds to CoBank's account identified in the MLA to pay all interest accrued on the Existing RUS Loan(s) through the Closing Date, together with all prepayment premiums, surcharges, and other amounts necessary to discharge all of the Company's obligations to RUS for or on account of the Existing RUS Loan(s) (collectively, the "Additional RUS Payment").

Please wire transfer the proceeds of the Loan(s), together with the Additional RUS Payment, directly to RUS. The authorization provided for herein shall be deemed to be a Special Wire and Electronic Transfer Authorization Form within the meaning of the Company's Delegation and Wire and Electronic Transfer Authorization form.

To induce CoBank to make the Loan(s), I hereby certify as follows: (1) upon receipt by RUS of the amount shown above, all of the Company's obligations to RUS for and on account of the Existing RUS Loan(s) will be paid in full; (2) no "Event of Default" (as defined in the MLA or the RUS Mortgage) has occurred and is continuing, and no event which with the giving of notice or lapse of time or both would become an Event of Default (as defined in the MLA or the RUS Mortgage) has occurred and is continuing; (3) each of the representations and warranties set forth in the MLA and the Note and Supplement(s) are true and correct as of the date hereof; and (4) the

INTER-COUNTY ENERGY COOPERATIVE CORPORATION
RESOLUTION OF BOARD OF DIRECTORS
REFINANCING OF RURAL UTILITIES SERVICE 5% NOTES

WHEREAS, a refinancing of Rural Utilities Service (RUS) secured debt is permitted under Article II, Section 2.02 of the RUS mortgage,

WHEREAS, Inter-County Energy has approximately \$2.4 million of RUS fixed 5% notes with maturities of 17 years,

WHEREAS, in the current interest rate environment it appears that Inter-County Energy will realize a savings if it replaces said RUS 5% notes with CoBank notes,

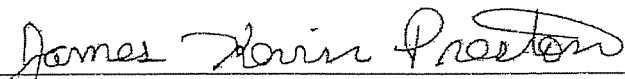
WHEREAS, the interest rate changes daily and the exact date of the loan closing is undeterminable because Kentucky Public Service Commission (KPSC) approval is required,

NOW THEREFORE BE IT RESOLVED, that James L. Jacobus, President/CEO, is authorized and directed, on behalf of Inter-County Energy, to seek KPSC approval for refinancing all remaining RUS 5% notes, as determined by the President/CEO and approved by KPSC.

BE IT FURTHER RESOLVED, that the effective interest rate on these new notes, exclusive of capital credit retirements, shall be 5% or less, the schedule of the new note payments shall be substantially the same as the current payment schedule, and the stated interest rate shall be fixed with no interest repricing risk.

I, James Kevin Preston, Secretary/Treasurer of Inter-County Energy, do hereby certify that the above is a true and correct copy of a resolution adopted at the meeting of the Board of Directors of Inter-County Energy on October 21, 2011, at which a quorum was present and voted.

(Seal)



James Kevin Preston, Secretary/Treasurer

EXHIBIT 3

Attachment A

SHEEHAN, BARNETT, DEAN,
PENNINGTON, LITTLE & DEXTER, P.S.C.

d/b/a THE DANVILLE LAW GROUP
ATTORNEYS AT LAW
114 SOUTH FOURTH STREET
P.O. BOX 1517
DANVILLE, KENTUCKY 40423-1517

Telephone (859) 236-2641
Fax Number (859) 236-1483

JAMES WILLIAM BARNETT
JAMES HADDEN DEAN
HENRY VINCENT PENNINGTON, III
RAMONA CASTELLVI LITTLE
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OF COUNSEL
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RETIRED
JAMES G. SHEEHAN, JR

December 30, 2011

CoBank, ACB
Attn: Electric Distribution Banking Group
5500 South Quebec Street
Greenwood Village, CO 80111

Re: \$2,354,390.54 Loan(s) to Inter-County Energy Cooperative Corporation
(the "Borrower")

Ladies and Gentlemen:

I. Introduction

We have served as general counsel for the Borrower, a Kentucky corporation, in connection with the documentation of the loan(s) described above. In connection with the loan(s), the Borrower has executed and delivered the following documents (collectively, the "Loan Documents"):

1. Promissory Note and Single Advance Term Loan Supplement (RUS Refinance) No. RI0902T2, dated as of November 25, 2011, in the original principal amount of \$2,354,390.54 (the "Term Loan");
2. Notification of Refinancing, dated as of December 30, 2011;
3. Request for Loan, dated as of December 30, 2011;
4. Resolution of the Board of Directors dated May 21, 2010 authorizing the Loan Documents; and
5. Incumbency Certificate dated May 21, 2010.

- H. Intentionally Omitted;
- I. Intentionally Omitted; and
- J. Such other certificates, documents and papers as we have deemed advisable in connection with this opinion.

During the course of such examination, we have assumed that all signatures, other than those of officers of the Borrower, are genuine, that all documents submitted to us as copies conform to the originals and that all documents submitted to us as originals are authentic.

As to matters of fact involved in this opinion, we have relied on statements of fact made in the Loan Documents, the Loan & Other Material Agreements Certificate and the Litigation Certificate, and on certificates, affidavits and statements of fact of officials, officers or authorized representatives of the particular governmental authority or other person or entity concerned, including the Borrower, and on discussions with representatives of the Borrower, without any independent investigation or inquiry. We are not aware of any fact that would make any such reliance unreasonable. We have undertaken such investigation of the law and such consideration of the facts (which we have ascertained as described herein) as we, in our professional judgment, have determined appropriate for purposes of rendering this opinion.

For purposes of this opinion, we have further assumed that each party to the Loan Documents, other than the Borrower, has all requisite power and authority to enter into such agreements, has taken all necessary action to execute and deliver such agreements and can effect the transactions contemplated therein without contravening any law or regulation, that each of the Loan Documents constitutes the legal, valid and binding obligation of each of such other parties enforceable against such other parties in accordance with its respective terms, and that each of such parties will duly perform its obligations under each such agreement.

III. Opinions & Qualifications

Based on the foregoing, we are of the opinion, subject to the qualifications set forth in this letter, that:

- A. The Borrower is a corporation duly organized, validly existing, and in good standing under the laws of the Commonwealth of Kentucky, and is duly qualified to do business and is in good standing in each jurisdiction in which the transaction of its business makes such qualification necessary.
- B. The Borrower has all requisite corporate and legal power and authority to own and operate its assets and to carry on its business as it now being conducted and to enter into and perform its obligations under the Loan Documents.

is subject.

- J. All authorizations from governmental entities required in connection with the execution and delivery by the Borrower of, and the performance by the Borrower of its obligations under, the Loan Documents have been obtained and are in full force and effect.
- K. To our knowledge, there is no litigation, arbitration or other legal proceeding pending or threatened, verbally or in writing, against or affecting the Borrower or its property that, (i) in the opinion of the Borrower as evidenced by the Litigation Certificate, if adversely determined would have a material adverse effect upon the business, operations or financial condition of the Borrower or the Borrower's ability to perform its obligations under the Loan Documents or (ii) seeks to rescind, terminate, modify or suspend any authorization of any governmental entity referred to in paragraph III. J. above.

IV. Limitation as to Particular Laws and Reliance on this Opinion

As to matters of law, we limit our opinion to the laws of the Commonwealth of Kentucky and the laws of the United States of America, and our opinions are limited to the facts and laws in existence on the date of this opinion and at no subsequent time. We note that certain of the Loan Documents purport to be governed by Colorado law. For purposes of giving the opinions set forth above, we have assumed that Colorado law is the same as the law of the Commonwealth of Kentucky.

This opinion is delivered to you in connection with the loan referenced above, and may not be utilized or quoted by you for any other purpose or relied upon by any other person or entity other than your successors or assigns without our express written consent.

SHEEHAN, BARNETT, DEAN,
PENNINGTON, LITTLE & DEXTER, PSC

BY: _____
H. VINCENT PENNINGTON, III
COUNSEL TO INTER-COUNTY
ENERGY COOPERATIVE
CORPORATION

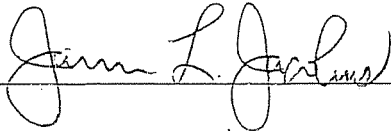
CERTIFICATE OF BORROWER

LOANS & OTHER MATERIAL AGREEMENT CERTIFICATE

With the exception of the disclosed existing RUS and CFC loans, there are no other loans to Inter-County Cooperative Corporation, and all of the loan agreements and related instruments and security agreements to which it is a party to secure said loans, and any amendments thereto, and all other agreements (and all amendments thereto), under which a default by Inter-County Energy Cooperative Corporation could have a material adverse effect on its business, operations or financial condition or its ability to perform its obligation under the loan documents, have been disclosed with those commitments, with the exception of its current power agreement with East Kentucky Power Cooperative.

This 29th day of December, 2011.

INTER-COUNTY ENERGY COOPERATIVE CORPORATION

BY: 
TITLE: PRESIDENT/CEO