

**Semi-Annual Servicer's Certificate**  
**AEP Texas Central Company, as Servicer**  
**AEP Texas Central Transition Funding II LLC**

Pursuant to Section 4.01(c)(ii) of the Transition Property Servicing Agreement dated as of October 11, 2006 (the "Agreement") between AEP Texas Central Company, as Servicer and AEP Texas Central Transition Funding II LLC, as Note Issuer, the Servicer does hereby certify as follows:

Capitalized terms used herein have their respective meanings as set forth in the Agreement.  
References herein to certain sections and subsections are references to the respective sections of the Agreement.

**Collection Periods:** Jul-2008 to Dec-2008  
**Payment Date:** 01/02/2009

**1. Collections Allocable and Aggregate Amounts Available for the Current Payment Date:**

i. Remittances for the 07/08 Collection Period (1)	16,563,477.92
ii. Remittances for the 08/08 Collection Period (2)	14,854,832.64
iii. Remittances for the 09/08 Collection Period	16,369,716.87
iv. Remittances for the 10/08 Collection Period (3)	15,629,705.05
v. Remittances for the 11/08 Collection Period	10,475,864.17
vi. Remittances for the 12/08 Collection Period (4)	11,028,633.81
vii. Investment Earnings on Collection Account	
viii. Investment Earnings on Capital Subaccount	101,619.05
ix. Investment Earnings on Excess Funds Subaccount	97,934.01
x. Investment Earnings on General Subaccount (5)	490,988.63
<b>xi. General Subaccount Balance (sum of i through x above)</b>	<b>85,612,772.15</b>
xii. Excess Funds Subaccount Balance as of Prior Payment Date	8,761,328.21
xiii. Capital Subaccount Balance as of Prior Payment Date	8,698,500.00
<b>xiv. Collection Account Balance (sum of xii through xiii above)</b>	<b>103,072,600.36</b>

- (1) July remittances include the June's previous year true-up, which was settled on July 25, 2008.  
(2) Includes application of deposits for two REPS exiting the market.  
(3) Includes partial refund of excess deposits for the two REPS that exited the market in August.  
(4) December remittances include the previous year's true-up, which will be settled on January 23, 2009.  
(5) Includes earning of \$126.56 in the Collection Account due to application of the two REP deposits exiting the market in August.

**2. Outstanding Amounts as of Prior Payment Date:**

<u>Series 2006-1</u>	
i. Class A-1 Outstanding Amount	116,771,724.00
ii. Class A-2 Outstanding Amount	341,000,000.00
iii. Class A-3 Outstanding Amount	250,000,000.00
iv. Class A-4 Outstanding Amount	437,000,000.00
v. Class A-5 Outstanding Amount	494,700,000.00
<b>vi. Aggregate Outstanding Amount of all Series 2006-1 Notes</b>	<b>1,639,471,724.00</b>

{Add Other Series as applicable}

<b>vii. Aggregate Outstanding Amount of all Notes</b>	<b>1,639,471,724.00</b>
-------------------------------------------------------	-------------------------

**3. Required Funding/Payments as of Current Payment Date:**

<u>Series 2006-1 Principal</u>	<u>Principal Due</u>
i. Class A-1	50,018,683.00
ii. Class A-2	0.00
iii. Class A-3	0.00
iv. Class A-4	0.00
v. Class A-5	0.00
<b>vi. For all Series 2006-1 Notes</b>	<b>50,018,683.00</b>

{Add Other Series as applicable}

<u>Series 2006-1 Interest</u>	<u>Note Interest Rate</u>	<u>Days in Interest Period (1)</u>	<u>Principal Balance</u>	<u>Interest Due</u>
vii. Class A-1	4.98%	180	116,771,724.00	2,907,615.93
viii. Class A-2	4.98%	180	341,000,000.00	8,490,900.00
ix. Class A-3	5.09%	180	250,000,000.00	6,362,500.00
x. Class A-4	5.17%	180	437,000,000.00	11,296,450.00
xi. Class A-5	5.31%	180	494,700,000.00	13,125,133.05
<b>xii. For all Series 2006-1 Notes</b>				<b>42,182,598.98</b>

{Add Other Series as applicable}

	<u>Required Level</u>	<u>Funding Required</u>
xiii. Capital Subaccount	8,698,500.00	0.00
	<b>8,698,500.00</b>	<b>0.00</b>

**Notes:**

1. On 30/360 day basis for initial payment date; otherwise use one-half of annual rate.

**4. Allocation of Remittances as of Current Payment Date Pursuant to 8.02(e) of Indenture:**

i. Trustee Fees and Expenses	0.00
ii. Servicing Fee	434,925.00
iii. Administration Fee	50,000.00
iv. Operating Expenses	19,105.59
v. Semi-Annual Interest (including any past-due for prior periods)	42,182,598.98

<u>Series 2006-1</u>	<u>Aggregate</u>	<u>Per \$1000 of Original</u>
		<u>Principal Amount</u>
1. Class A-1 Interest Payment	2,907,615.93	\$24.9000
2. Class A-2 Interest Payment	8,490,900.00	\$24.9000
3. Class A-3 Interest Payment	6,362,500.00	\$25.4500
4. Class A-4 Interest Payment	11,296,450.00	\$25.8500
5. Class A-5 Interest Payment	13,125,133.05	\$26.5315
	<b>42,182,598.98</b>	

{Add Other Series as applicable}

vi. Principal Due and Payable as a Result of Event of Default or on Final Maturity Date	0.00
-----------------------------------------------------------------------------------------	------

<u>Series 2006-1</u>	<u>Aggregate</u>	<u>Per \$1000 of Original</u>
		<u>Principal Amount</u>
1. Class A-1 Principal Payment	0.00	\$0.0000
2. Class A-2 Principal Payment	0.00	\$0.0000
3. Class A-3 Principal Payment	0.00	\$0.0000
4. Class A-4 Principal Payment	0.00	\$0.0000
5. Class A-5 Principal Payment	0.00	\$0.0000
	<b>0.00</b>	

{Add Other Series as Applicable}

vii. Semi-Annual Principal	50,018,683.00
----------------------------	---------------

<u>Series 2006-1</u>	<u>Aggregate</u>	<u>Per \$1000 of Original</u>
		<u>Principal Amount</u>
1. Class A-1 Principal Payment	50,018,683.00	\$428.3458
2. Class A-2 Principal Payment	0.00	\$0.0000
3. Class A-3 Principal Payment	0.00	\$0.0000
4. Class A-4 Principal Payment	0.00	\$0.0000
5. Class A-5 Principal Payment	0.00	\$0.0000
	<b>50,018,683.00</b>	

{Add Other Series as Applicable}

**4. Allocation of Remittances as of Current Payment Date Pursuant to 8.02(e) of Indenture (continued):**

viii. Funding of Capital Subaccount (to required level)	8,698,500.00
ix. Investment Earnings on Capital Subaccount Released to Note Issuer	101,619.05
x. Deposit to Excess Funds Subaccount	1,567,168.74
xi. Released to Note Issuer upon Retirement of all Notes	0.00
<b>xii. Aggregate Remittances as of Current Payment Date</b>	<b>103,072,600.36</b>

**5. Outstanding Amount and Collection Account Balance as of Current Payment Date (after giving effect to payments to be made on such Payment Date):**

**Series 2006-1**

i. Class A-1 Outstanding Amount	66,753,041.00
ii. Class A-2 Outstanding Amount	341,000,000.00
iii. Class A-3 Outstanding Amount	250,000,000.00
iv. Class A-4 Outstanding Amount	437,000,000.00
v. Class A-5 Outstanding Amount	494,700,000.00
<b>vi. Aggregate Outstanding Amount of all Series 2006-1 Notes</b>	<b>1,589,453,041.00</b>

{Add Other Series as applicable}

<b>vii. Aggregate Outstanding Amount of all Notes</b>	<b>1,589,453,041.00</b>
viii. Excess Funds Subaccount Balance	1,567,168.74
x. Capital Subaccount Balance	8,698,500.00
<b>xi. Aggregate Collection Account Balance</b>	<b>10,265,668.74</b>

**6. Subaccount Withdrawals as of Current Payment Date (if applicable, pursuant to Section 8.02(e) of Indenture):**

i. Excess Funds Subaccount	8,859,262.22
iii. Capital Subaccount	8,800,119.05
<b>iv. Total Withdrawals</b>	<b>17,659,381.27</b>

**7. Shortfalls In Interest and Principal Payments as of Current Payment Date:**

0.00
------

i. Semi-annual Interest

**Series 2006-1**

1. Class A-1 Interest Payment	0.00
2. Class A-2 Interest Payment	0.00
3. Class A-3 Interest Payment	0.00
4. Class A-4 Interest Payment	0.00
5. Class A-5 Interest Payment	0.00
	0.00

{Add Other Series as Applicable}

ii. Semi-annual Principal

0.00
------

**Series 2006-1**

1. Class A-1 Principal Payment	0.00
2. Class A-2 Principal Payment	0.00
3. Class A-3 Principal Payment	0.00
4. Class A-4 Principal Payment	0.00
5. Class A-5 Principal Payment	0.00
	0.00

{Add Other Series as Applicable}

**8 Shortfalls in Required Subaccount Levels as of Current Payment Date:**

ii. Capital Subaccount

0.00
0.00

IN WITNESS HEREOF, the undersigned has duly executed and delivered this Semi-Annual Servicer's Certificate this 19<sup>th</sup> day of December, 2008.

*Charles Zebula*

AEP TEXAS CENTRAL COMPANY, as Servicer

by: Charles Zebula

title: Treasurer