

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-K**

(Mark One)

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the fiscal year ended December 31, 2018
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number of issuing entity: 333-136787-01  
Central Index Key Number of issuing entity: 0001366928

AEP Texas Central Transition Funding II LLC  
(Exact name of issuing entity as specified in its charter)

Commission File Number of depositor and sponsor: 333-136787  
Central Index Key Number of depositor and sponsor: 0001721781

AEP Texas Inc.  
(Exact name of depositor and sponsor as specified in its charter)

Delaware 51-0007707  
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

539 N. Carancahua Street 78401  
Suite 1700 (Zip Code)  
Corpus Christi, Texas  
(Address of principal executive offices)

Registrant's telephone number, including area code: (361) 881-5398

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No.

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes  No.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No.

Indicate by checkmark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No.

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Securities Exchange Act of 1934, as amended. Check One:

Large accelerated filer  Accelerated filer   
Non-accelerated filer  Smaller reporting company   
Emerging growth company

Indicate by check mark if the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No.

The registrant does not have any voting or non-voting common equity held by non-affiliates.

Documents incorporated by reference: A portion of the proxy statement relating to the 2019 Annual Meeting of Shareholders of American Electric Power Company, Inc. is incorporated by reference in Item 11 of Part III of this report.

## **PART I**

### **Item 1. Business.**

Omitted pursuant to General Instruction J of Form 10-K.

### **Item 1A. Risk Factors.**

Omitted pursuant to General Instruction J of Form 10-K.

### **Item 1B. Unresolved Staff Comments.**

None.

### **Item 2. Properties.**

Omitted pursuant to General Instruction J of Form 10-K.

### **Item 3. Legal Proceedings.**

Omitted pursuant to General Instruction J of Form 10-K.

### **Item 4. Mine Safety Disclosures.**

Omitted pursuant to General Instruction J of Form 10-K.

## **PART II**

### **Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.**

Omitted pursuant to General Instruction J of Form 10-K.

### **Item 6. Selected Financial Data.**

Omitted pursuant to General Instruction J of Form 10-K.

### **Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

Omitted pursuant to General Instruction J of Form 10-K.

### **Item 7A. Quantitative and Qualitative Disclosures about Market Risk.**

Omitted pursuant to General Instruction J of Form 10-K.

### **Item 8. Financial Statements and Supplementary Data.**

Omitted pursuant to General Instruction J of Form 10-K.

### **Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures.**

Omitted pursuant to General Instruction J of Form 10-K.

**Item 9A. Controls and Procedures.**

Omitted pursuant to General Instruction J of Form 10-K.

**Item 9B. Other Information.**

None.

**PART III****Item 10. Directors and Executive Officers of the Registrant.**

AEP Texas Central Transition Funding II LLC (the Company) has five managers. At least two managers must not be, and must not have been for at least five years prior to the date of his or her appointment: (i) a direct or indirect legal or beneficial owner of the Company or AEP Texas Inc. (AEP Texas) or any of their respective affiliates, (ii) a relative, supplier, employee, officer, director (other than as an independent director), manager (other than as an independent manager), contractor or material creditor of the Company or AEP Texas or any of their respective affiliates or (iii) a person who controls (whether directly, indirectly or otherwise) AEP Texas or its affiliates or any creditor, employee, officer, director, manager or material supplier or contractor of AEP Texas or its affiliates

The following are the managers of the Company as of March 29, 2019:

<u>Name</u>	<u>Age</u>	<u>Background</u>
Brian X. Tierney	51	President and manager of the Company. Vice president, chief financial officer and director of AEP Texas Inc. (AEP Texas), executive vice president and chief financial officer of American Electric Power Company, Inc. (AEP), and executive vice president, chief financial officer and director of American Electric Power Service Corporation, a subsidiary of AEP (Service Corporation). Joined the Service Corporation in 1998 and was appointed senior vice president-energy marketing in 2003, became senior vice president-commercial operations in 2005, became executive vice president-AEP utilities east in 2006 and assumed his present position in 2009. Vice president and director of certain other AEP System companies.
Julia A. Sloat	49	Treasurer and manager of the Company. Treasurer of AEP Texas, treasurer of AEP and senior vice president and treasurer of the Service Corporation since January 1, 2019. Joined the Service Corporation in 1999 and was appointed as director-investor relations in January 2003, became managing director-investor relations in November 2003, became vice president-investor relations in September 2004, became vice president-investor relations and strategic initiatives in June 2007 and became vice president and treasurer in January 2008. From August 2008 to August 2009 served as vice president-investor relations & corporate finance for Tween Brands, Inc. Rejoined the Service Corporation in September 2009 as managing director-regulatory case management and became vice president-regulatory case management in August 2010. Was President-AEP Ohio from May 2016 through December 2018. Treasurer of certain other AEP System companies.
Renee V. Hawkins	53	Assistant treasurer and manager of the Company. Managing director corporate finance of the Service Corporation since 2003 and assistant treasurer of the Service Corporation since 2008. Assistant Treasurer of certain other AEP System companies.
Victor A. Duva	60	Manager of the Company. President, CT Corporation Staffing, Inc., a subsidiary of CT Corporation System, since 2003. From 1997 to 2002, Assistant Vice President and Officer Manager for CT Corporation's Philadelphia office and, prior to that, a variety of positions at CT Corporation System since January 1981. Mr. Duva presently serves as an independent manager for AEP Texas Central Transition Funding III LLC (TCC Funding III).
Daniel P. McMahan	58	Manager of the Company. Vice President of Operations for CT Corporation System since 2008. Also served as the National Service Director at CT Corporation System from 2004 to 2008. Mr. McMahan presently serves as an independent manager for TCC Funding III

## **Code of Conduct**

The Company is a wholly owned subsidiary of AEP Texas which in turn is an indirect subsidiary of AEP. AEP has adopted a code of conduct and ethics which applies to all of its subsidiaries. AEP maintains a corporate governance page on its website which includes key information about its corporate governance initiatives, including AEP's Principles of Corporate Governance and AEP's Principles of Business Conduct. The corporate governance page can be found at [www.aep.com/investors/corporateleadersandgovernance](http://www.aep.com/investors/corporateleadersandgovernance).

### **Item 11. Executive Compensation.**

Other than the annual independent manager fee of \$5,000 paid to CT Corporation System, the Company does not pay any compensation to its executive officers or managers.

The information required by this item with respect to AEP Texas is incorporated herein by reference to the material under *Compensation Discussion and Analysis* of the definitive proxy statement of American Electric Power Company, Inc. for the 2019 annual meeting of stockholders filed with the Securities and Exchange Commission on March 13, 2019.

### **Item 12. Security Ownership of Certain Beneficial Owners and Management.**

None.

### **Item 13. Certain Relationships and Related Transactions, and Director Independence.**

Managers Victor A. Duva and Daniel P. McMahon are the independent directors and are employees of CT Corporation Staffing, Inc.

### **Item 14. Principal Accountant Fees and Services.**

Omitted pursuant to General Instruction J of Form 10-K.

## **PART IV**

### **Item 15. Exhibits, Financial Statement Schedules.**

#### **(a) Documents filed as a part of this report:**

1. Financial Statements.  
Omitted pursuant to General Instruction J of Form 10-K as listed under Item 8 of this report.
2. Financial Statement Schedules.  
Omitted pursuant to General Instruction J of Form 10-K as listed under Item 8 of this report.
3. Exhibits required by Item 601 of Regulation S-K (exhibits marked with an asterisk are filed herewith):
  - 3.1 Certificate of Formation of the Issuing Entity filed with the Delaware Secretary of State on June 14, 2006.
  - 3.2 Amended and Restated Limited Liability Company Agreement of the Issuing Entity executed as of September 25, 2006.
  - 4.1 Indenture dated as of October 11, 2006 between the Issuing Entity and The Bank of New York providing for the issuance of Senior Secured Transition Bonds, Series A.
  - 4.2 Form of Senior Secured Transition Bonds, Series A.
  - 10.1 Transition Property Purchase and Sale Agreement dated as of October 11, 2006 between the Issuing Entity and AEP Texas Inc. (as successor by merger to AEP Texas Central Company), as seller.
  - 10.2 Transition Property Servicing Agreement dated as of October 11, 2006 between the Issuing Entity and AEP Texas Inc. (as successor by merger to AEP Texas Central Company), as servicer.

10.3 Administration Agreement dated as of October 11, 2006 between the Issuing Entity and AEP Texas Inc. (as successor by merger to AEP Texas Central Company), as servicer.

10.4 Amended and Restated Intercreditor Agreement, dated as of March 14, 2012, by and among AEP Texas Inc. (as successor by merger to AEP Texas Central Company), AEP Texas Central Transition Funding LLC, U.S. Bank National Association, AEP Texas Central Transition Funding II LLC, The Bank of New York Mellon and AEP Texas Central Transition Funding III LLC.

\*31.1 Certification.

\*33.1 Report on assessment of compliance with servicing criteria for asset-backed issuers for AEP Texas Inc., as servicer.

\*33.2 Report on assessment of compliance with servicing criteria for asset-backed issuers for The Bank of New York Mellon, as Indenture Trustee.

\*34.1 Attestation report on assessment of compliance with servicing criteria for asset-backed securities of PricewaterhouseCoopers LLP on behalf of AEP Texas Inc., as servicer.

\*34.2 Attestation report on assessment of compliance with servicing criteria for asset-backed securities of KPMG LLP on behalf of The Bank of New York Mellon, as Indenture Trustee.

\*35.1 Servicer compliance statement of AEP Texas Inc., as servicer.

**(b) Exhibits required by this Form and Item 601 of Regulation S-K (exhibits marked with an asterisk are filed herewith):**

[3.1 Certificate of Formation of the Issuing Entity filed with the Delaware Secretary of State on June 14, 2006 \(incorporated by reference to exhibit 99.8 included as an exhibit to the Sponsor's Form S-3/A dated September 5, 2006\).](#)

[3.2 Amended and Restated Limited Liability Company Agreement of the Issuing Entity executed as of September 25, 2006 \(incorporated by reference to exhibit 99.5 included as an exhibit to the Sponsor's Form 8-K dated October 11, 2006\).](#)

[4.1 Indenture dated as of October 11, 2006 between the Issuing Entity and The Bank of New York providing for the issuance of Senior Secured Transition Bonds, Series A \(incorporated by reference to exhibit 4.1 included as an exhibit to the Sponsor's Form 8-K dated October 11, 2006\).](#)

[4.2 Form of Senior Secured Transition Bonds, Series A \(included as Exhibit A to the Indenture filed as Exhibit 4.1\) \(incorporated by reference to exhibit 4.1 included as an exhibit to the Sponsor's Form 8-K dated October 11, 2006\).](#)

[10.1 Transition Property Purchase and Sale Agreement dated as of October 11, 2006 between the Issuing Entity and AEP Texas Inc. \(as successor by merger to AEP Texas Central Company\), as seller \(incorporated by reference to exhibit 99.2 included as an exhibit to the Sponsor's Report on Form 8-K dated October 11, 2006\).](#)

[10.2 Transition Property Servicing Agreement dated as of October 11, 2006 between the Issuing Entity and AEP Texas Inc. \(as successor by merger to AEP Texas Central Company\), as servicer \(incorporated by reference to exhibit 99.1 included as an exhibit to the Sponsor's Form 8-K dated October 11, 2006\).](#)

[10.3 Administration Agreement dated as of October 11, 2006 between the Issuing Entity and AEP Texas Inc. \(as successor by merger to AEP Texas Central Company\), as servicer \(incorporated by reference to exhibit 99.3 included as an exhibit to the Sponsor's Form 8-K dated October 11, 2006\).](#)

[10.4 Amended and Restated Intercreditor Agreement, dated as of March 14, 2012, by and among AEP Texas Inc. \(as successor by merger to AEP Texas Central Company\), AEP Texas Central Transition Funding LLC, U.S. Bank National Association, AEP Texas Central Transition Funding II LLC, U.S. Bank National Association and AEP Texas Central Transition Funding III LLC, each in their respective capacities \(incorporated by reference to exhibit 99.4 included as an exhibit to the Sponsor's Form 8-K dated March 14, 2012\).](#)

\*31.1 Certification.

\*33.1 Report on assessment of compliance with servicing criteria for asset-backed issuers for AEP Texas Inc., as servicer.

\*33.2 Report on assessment of compliance with servicing criteria for asset-backed issuers for The Bank of New York Mellon, as Indenture Trustee.

\*34.1 Attestation report on assessment of compliance with servicing criteria for asset-backed securities of PricewaterhouseCoopers LLP on behalf of AEP Texas Inc., as servicer.

\*34.2 Attestation report on assessment of compliance with servicing criteria for asset-backed securities of KPMG LLP for The Bank of New York Mellon, as Indenture Trustee.

\*35.1 Servicer compliance statement of AEP Texas Inc., as servicer.

**Item 1112(b). Significant Obligors of Pool Assets.**

None.

**Item 1114(b)(2). Credit Enhancement and Other Support, Except for Certain Derivatives Instruments.**

None.

**Item 1115(b). Certain Derivatives Instruments.**

None.

**Item 1117. Legal Proceedings.**

The Bank of New York Mellon has provided the following information to the depositor:

In the ordinary course of business, The Bank of New York Mellon is named as a defendant in or made a party to pending and potential legal actions. In connection with its role as trustee of certain residential mortgage-backed securitization (“RMBS”) transactions, The Bank of New York Mellon has been named as a defendant in a number of legal actions brought by RMBS investors. These lawsuits allege that the trustee had expansive duties under the governing agreements, including the duty to investigate and pursue breach of representation and warranty claims against other parties to the RMBS transactions. While it is inherently difficult to predict the eventual outcomes of pending actions, The Bank of New York Mellon denies liability and intends to defend the litigations vigorously.

**Item 1119. Affiliations and Certain Relationships and Related Transactions.**

AEP Texas Central Transition Funding II LLC is a wholly-owned subsidiary of AEP Texas Inc.

**Item 1122 of Regulation AB. Compliance with Applicable Servicing Criteria.**

The Report on Assessment of Compliance With Servicing Criteria for Asset-Backed Securities and the related attestation report for AEP Texas Inc. included as Exhibits 33.1 and 34.1, respectively, to this Form 10-K identified no material instances of noncompliance by AEP Texas Inc. with the servicing criteria set forth in Item 1122 of Regulation AB.

The Report on Assessment of Compliance With Servicing Criteria for Asset-Backed Securities and the related attestation report for The Bank of New York Mellon included as Exhibits 33.2 and 34.2, respectively, to this Form 10-K identified no material instances of noncompliance by The Bank of New York Mellon with the servicing criteria set forth in Item 1122 of Regulation AB.

See Exhibits 33.1, 33.2, 34.1 and 34.2 to this Form 10-K.

Item 1123 of Regulation AB. Servicer Compliance Statement.

See Exhibit 35.1 to this Form 10-K.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, this 29<sup>th</sup> day of March, 2019.

AEP Texas Central Transition Funding II LLC  
(Issuing Entity)

By: AEP Texas Inc., as Servicer

/s/ Julia A. Sloat

Julia A. Sloat

Treasurer and Senior Officer in Charge of the Servicing  
Function

**SUPPLEMENTAL INFORMATION TO BE FURNISHED WITH REPORTS FILED PURSUANT TO SECTION 15(d) OF THE ACT BY REGISTRANTS WHICH HAVE NOT REGISTERED SECURITIES PURSUANT TO SECTION 12 OF THE ACT.**

No such annual report, proxy statement, form of proxy or other soliciting material has been sent to Noteholders. The registrant will not be sending an annual report or proxy material to its Noteholders subsequent to the filing of this form.

## EXHIBIT INDEX

[31.1 Certification.](#)

[33.1 Report on assessment of compliance with servicing criteria for asset-backed issuers for AEP Texas Inc., as servicer.](#)

[33.2 Report on assessment of compliance with servicing criteria for asset-backed issuers for The Bank of New York Mellon, as Indenture Trustee.](#)

[34.1 Attestation report on assessment of compliance with servicing criteria for asset-backed securities of PricewaterhouseCoopers LLP on behalf of AEP Texas Inc., as servicer.](#)

[34.2 Attestation report on assessment of compliance with servicing criteria for asset-backed securities of KPMG LLP on behalf of The Bank of New York Mellon, as Indenture Trustee.](#)

[35.1 Servicer compliance statement of AEP Texas Inc., as servicer.](#)

CERTIFICATION

I, Julia A. Sloat, certify that:

1. I have reviewed this report on Form 10-K and all reports on Form 10-D required to be filed in respect of the period covered by this report on Form 10-K of AEP Texas Central Transition Funding II LLC (the "Exchange Act periodic reports");
2. Based on my knowledge, the Exchange Act periodic reports, taken as a whole, do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, all of the distribution, servicing and other information required to be provided under Form 10-D for the period covered by this report is included in the Exchange Act periodic reports;
4. I am responsible for reviewing the activities performed by AEP Texas Inc., as Servicer, and based on my knowledge and the compliance review conducted in preparing the servicer compliance statement required in this report under Item 1123 of Regulation AB, and except as disclosed in the Exchange Act periodic reports, the servicer has fulfilled its obligations under the Transition Property Servicing Agreement dated as of October 11, 2006 between AEP Texas Central Transition Funding II LLC, as the Issuing Entity, and the Servicer, in all material respects; and
5. All of the reports on assessment of compliance with servicing criteria for asset-backed securities and the related attestation reports on assessment of compliance with servicing criteria for asset-backed securities required to be included in this report in accordance with Item 1122 of Regulation AB and Exchange Act Rule 13a-18 and 15d-18 have been included as an exhibit to this report, except as otherwise disclosed in this report. Any material instances of noncompliance described in such reports have been disclosed in this report on Form 10-K.
6. In giving the certifications above, I have reasonably relied on information provided to me by the following unaffiliated parties: The Bank of New York Mellon, as Indenture Trustee.

Date: March 29, 2019

/s/ Julia A. Sloat

Name: Julia A. Sloat  
Title: Treasurer and Senior Officer in Charge of the  
Servicing Function, AEP Texas Inc., as Servicer

**REPORT ON ASSESSMENT OF COMPLIANCE WITH SERVICING CRITERIA  
FOR ASSET-BACKED ISSUERS**

AEP Texas Inc. (the "Servicer"), as a party participating in the servicing function under Item 1122 of Regulation AB, hereby reports on its assessment of compliance with the servicing criteria specified in paragraph (d) of Item 1122 of Regulation AB, as follows:

(1) The Servicer is responsible for assessing compliance with the servicing criteria applicable to it. The servicing criteria specified in the following paragraphs of paragraph (d) of Item 1122 of Regulation AB are not applicable to the Servicer based on the activities it performs with respect to asset-backed securities transactions taken as a whole involving the Servicer and that are backed by the same asset type backing the Senior Secured Transition Bonds, Series A: (1)(ii) (outsourcing), (1)(iii) (back-up servicing), (1)(iv) (fidelity bond), (2)(vi) (unissued checks), (4)(iii) (additions, removals or substitutions), (4)(v) (records regarding pool assets), (4)(ix) (adjustments to interest rates), (4)(xi) (payments on behalf of obligors), (4)(xii) (late payment penalties), (4)(xiii) (obligor disbursements), and (4)(xv) (external credit enhancement);

(2) The Servicer used the criteria in paragraph (d) of Item 1122 of Regulation AB to assess compliance with the applicable servicing criteria;

(3) The Servicer has determined that it is in compliance with the applicable servicing criteria as of December 31, 2018 and for the period January 1, 2018 through December 31, 2018, which is the period covered by this report on Form 10-K; and

(4) PricewaterhouseCoopers LLP, an independent registered public accounting firm, has issued an attestation report on the Servicer's assessment of compliance with the applicable servicing criteria as of December 31, 2018 and for the period January 1, 2018 through December 31, 2018, which is the period covered by this report on Form 10-K.

Date: March 29, 2019

AEP TEXAS INC.,  
as Servicer

/s/ Julia A. Sloat

Name: Julia A. Sloat

Title: Treasurer and Senior Officer in Charge of  
the Servicing Function, AEP Texas Inc., as Servicer

**REPORT ON ASSESSMENT OF COMPLIANCE WITH SERVICING CRITERIA FOR ASSET-BACKED  
ISSUERS FOR THE BANK OF NEW YORK MELLON, AS INDENTURE TRUSTEE**

ASSERTION OF COMPLIANCE WITH  
APPLICABLE SERVICING CRITERIA

Management of The Bank of New York Mellon (formerly The Bank of New York), BNY Mellon Trust of Delaware (formerly BNYM (Delaware)) and The Bank of New York Mellon Trust Company, N.A. (formerly The Bank of New York Trust Company, N.A.), (collectively, the “Company”) is responsible for assessing the Company’s compliance with the servicing criteria set forth in Item 1122(d) of Regulation AB promulgated by the Securities and Exchange Commission. The Company’s management has determined that the servicing criteria are applicable in regard to the servicing platform as of and for the period as follows:

Platform: Publicly-issued (i.e., transaction-level reporting initially required under the Securities Exchange Act of 1934, as amended) asset-backed securities issued on or after January 1, 2006 and like-kind transactions issued prior to January 1, 2006 that are subject to Regulation AB (including transactions subject to Regulation AB by contractual obligation) for which the Company provides trustee, securities administration, paying agent or custodial services, as defined and to the extent applicable in the transaction agreements, other than residential mortgage-backed securities and other mortgage-related asset-backed securities (the “Platform”).

Period: The twelve months ended December 31, 2018 (the “Period”).

Applicable Servicing Criteria: All servicing criteria set forth in Item 1122(d), to the extent required by the related transaction agreements as to any transaction, except as set forth in the column titled “Not Applicable To Platform” in Appendix 1 attached hereto.

With respect to servicing criterion 1122(d)(2)(vi) the Company’s management has engaged a vendor to perform the activities required by the servicing criterion. The Company’s management has determined that this vendor is not considered a “servicer” as defined in Item 1101(j) of Regulation AB, and the Company’s management has elected to take responsibility for assessing compliance with the servicing criterion applicable to this vendor as permitted by the SEC’s *Compliance and Disclosure Interpretation 200.06, Vendors Engaged by Servicers* (“C&DI 200.06”). The Company’s management has policies and procedures in place designed to provide reasonable assurance that the vendor’s activities comply in all material respects with the servicing criterion applicable to the vendor. The Company’s management is solely responsible for determining that it meets the SEC requirements to apply C&DI 200.06 for the vendor and related servicing criterion.

With respect to the Platform as of and for the Period, the Company provides the following assessment of compliance in respect of the Applicable Servicing Criteria:

1. The Company’s management is responsible for assessing the Company’s compliance with the Applicable Servicing Criteria.
2. The Company’s management has assessed compliance with the Applicable Servicing Criteria, including the servicing criterion for which compliance is determined based on C&DI 200.06 as described above as of and for the Period. In making this assessment, management used the criteria set forth by the Securities and Exchange Commission in paragraph (d) of Item 1122 of Regulation AB.
3. With respect to servicing criterion 1122(d)(4)(iii), there were no activities performed during the Period with respect to the Platform, because there were no occurrences of events that would require the Company to perform such activities.
4. Based on such assessment, as of and for the Period, the Company has complied, in all material respects, with the Applicable Servicing Criteria.

KPMG LLP, an independent registered public accounting firm, has issued an attestation report with respect to the Company’s assessment of compliance with the Applicable Servicing Criteria as of and for the Period.

The Bank of New York Mellon

BNY Mellon Trust of Delaware

/s/ Alphonse Briand Jr.

Alphonse Briand Jr.

Authorized Signatory

/s/ Robert L. Griffin

Robert L. Griffin

Authorized Signatory

The Bank of New York Mellon Trust  
Company, N.A.

/s/ Antonio I. Portuondo

Antonio I. Portuondo

Authorized Signatory

Dated: February 28, 2019

## APPENDIX 1

REG AB REFERENCE	SERVICING CRITERIA	APPLICABLE TO PLATFORM		NOT APPLICABLE TO PLATFORM
		Performed Directly by the Company	Performed by Vendor(s) for which the Company is the Responsible Party	
<b>General servicing considerations</b>				
1122(d)(1)(i)	Policies and procedures are instituted to monitor any performance or other triggers and events of default in accordance with the transaction agreements.	X		
1122(d)(1)(ii)	If any material servicing activities are outsourced to third parties, policies and procedures are instituted to monitor the third party's performance and compliance with such servicing activities.	X		
1122(d)(1)(iii)	Any requirements in the transaction agreements to maintain a back-up servicer for the pool assets are maintained.			X
1122(d)(1)(iv)	A fidelity bond and errors and omissions policy is in effect on the party participating in the servicing function throughout the reporting period in the amount of coverage required by and otherwise in accordance with the terms of the transaction agreements.			X
1122(d)(1)(v)	Aggregation of information, as applicable, is mathematically accurate and the information conveyed accurately reflects the information.			X
<b>Cash collection and administration</b>				
1122(d)(2)(i)	Payments on pool assets are deposited into the appropriate custodial bank accounts and related bank clearing accounts no more than two business days of receipt, or such other number of days specified in the transaction agreements.	X		
1122(d)(2)(ii)	Disbursements made via wire transfer on behalf of an obligor or to an investor are made only by authorized personnel.	X		
1122(d)(2)(iii)	Advances of funds or guarantees regarding collections, cash flows or distributions, and any interest or other fees charged for such advances, are made, reviewed and approved as specified in the transaction agreements.			X
1122(d)(2)(iv)	The related accounts for the transaction, such as cash reserve accounts or accounts established as a form of over collateralization, are separately maintained (e.g., with respect to commingling of cash) as set forth in the transaction agreements.	X		
1122(d)(2)(v)	Each custodial account is maintained at a federally insured depository institution as set forth in the transaction agreements. For purposes of this criterion, "federally insured depository institution" with respect to a foreign financial institution means a foreign financial institution that meets the requirements of Rule 240.13k-1(b)(1) of this chapter.	X		
1122(d)(2)(vi)	Unissued checks are safeguarded so as to prevent unauthorized access.		X	

REG AB REFERENCE	SERVICING CRITERIA	APPLICABLE TO PLATFORM		NOT APPLICABLE TO PLATFORM
		Performed Directly by the Company	Performed by Vendor(s) for which the Company is the Responsible Party	
1122(d)(2)(vii)	Reconciliations are prepared on a monthly basis for all asset-backed securities related bank accounts, including custodial accounts and related bank clearing accounts. These reconciliations (A) Are mathematically accurate; (B) Are prepared within 30 calendar days after the bank statement cutoff date, or such other number of days specified in the transaction agreements; (C) Are reviewed and approved by someone other than the person who prepared the reconciliation; and (D) Contain explanations for reconciling items. These reconciling items are resolved within 90 calendar days of their original identification, or such other number of days specified in the transaction agreements.	X		
	<b>Investor remittances and reporting</b>			
1122(d)(3)(i)	Reports to investors, including those to be filed with the Commission, are maintained in accordance with the transaction agreements and applicable Commission requirements. Specifically, such reports (A) Are prepared in accordance with timeframes and other terms set forth in the transaction agreements; (B) Provide information calculated in accordance with the terms specified in the transaction agreements; (C) Are filed with the Commission as required by its rules and regulations; and (D) Agree with investors' or the trustee's records as to the total unpaid principal balance and number of pool assets serviced by the servicer.	X		
1122(d)(3)(ii)	Amounts due to investors are allocated and remitted in accordance with timeframes, distribution priority and other terms set forth in the transaction agreements.	X		
1122(d)(3)(iii)	Disbursements made to an investor are posted within two business days to the servicer's investor records, or such other number of days specified in the transaction agreements.	X		
1122(d)(3)(iv)	Amounts remitted to investors per the investor reports agree with cancelled checks, or other form of payment, or custodial bank statements.	X		
	<b>Pool asset administration</b>			
1122(d)(4)(i)	Collateral or security on pool assets is maintained as required by the transaction agreements or related pool asset documents.	X		
1122(d)(4)(ii)	Pool asset and related documents are safeguarded as required by the transaction agreements	X		
1122(d)(4)(iii)	Any additions, removals or substitutions to the asset pool are made, reviewed and approved in accordance with any conditions or requirements in the transaction agreements.	X		

REG AB REFERENCE	SERVICING CRITERIA	APPLICABLE TO PLATFORM		NOT APPLICABLE TO PLATFORM
		Performed Directly by the Company	Performed by Vendor(s) for which the Company is the Responsible Party	
1122(d)(4)(iv)	Payments on pool assets, including any payoffs, made in accordance with the related pool asset documents are posted to the applicable servicer's obligor records maintained no more than two business days after receipt, or such other number of days specified in the transaction agreements, and allocated to principal, interest or other items (e.g., escrow) in accordance with the related pool asset documents.	X		
1122(d)(4)(v)	The servicer's records regarding the pool assets agree with the servicer's records with respect to an obligor's unpaid principal balance.	X		
1122(d)(4)(vi)	Changes with respect to the terms or status of an obligor's pool assets (e.g., loan modifications or re-agings) are made, reviewed and approved by authorized personnel in accordance with the transaction agreements and related pool asset documents.			X
1122(d)(4)(vii)	Loss mitigation or recovery actions (e.g., forbearance plans, modifications and deeds in lieu of foreclosure, foreclosures and repossessions, as applicable) are initiated, conducted and concluded in accordance with the timeframes or other requirements established by the transaction agreements.			X
1122(d)(4)(viii)	Records documenting collection efforts are maintained during the period a pool asset is delinquent in accordance with the transaction agreements. Such records are maintained on at least a monthly basis, or such other period specified in the transaction agreements, and describe the entity's activities in monitoring delinquent pool assets including, for example, phone calls, letters and payment rescheduling plans in cases where delinquency is deemed temporary (e.g., illness or unemployment).			X
1122(d)(4)(ix)	Adjustments to interest rates or rates of return for pool assets with variable rates are computed based on the related pool asset documents.	X		
1122(d)(4)(x)	Regarding any funds held in trust for an obligor (such as escrow accounts): (A) Such funds are analyzed, in accordance with the obligor's pool asset documents, on at least an annual basis, or such other period specified in the transaction agreements; (B) Interest on such funds is paid, or credited, to obligors in accordance with applicable pool asset documents and state laws; and (C) Such funds are returned to the obligor within 30 calendar days of full repayment of the related pool asset, or such other number of days specified in the transaction agreements.			X

REG AB REFERENCE	SERVICING CRITERIA	APPLICABLE TO PLATFORM		NOT APPLICABLE TO PLATFORM
		Performed Directly by the Company	Performed by Vendor(s) for which the Company is the Responsible Party	
1122(d)(4)(xi)	Payments made on behalf of an obligor (such as tax or insurance payments) are made on or before the related penalty or expiration dates, as indicated on the appropriate bills or notices for such payments, provided that such support has been received by the servicer at least 30 calendar days prior to these dates, or such other number of days specified in the transaction agreements.			X
1122(d)(4)(xii)	Any late payment penalties in connection with any payment to be made on behalf of an obligor are paid from the servicer's funds and not charged to the obligor, unless the late payment was due to the obligor's error or omission.			X
1122(d)(4)(xiii)	Disbursements made on behalf of an obligor are posted within two business days to the obligor's records maintained by the servicer, or such other number of days specified in the transaction agreements.			X
1122(d)(4)(xiv)	Delinquencies, charge-offs and uncollectible accounts are recognized and recorded in accordance with the transaction agreements.			X
1122(d)(4)(xv)	Any external enhancement or other support, identified in Item 1114(a)(1) through (3) or Item 1115 of this Regulation AB, is maintained as set forth in the transaction agreements.	X		

**Report of Independent Registered Public Accounting Firm**

To the Board of Directors and Shareholder of  
AEP Texas Inc.

We have examined management's assertion, included in the accompanying Management's Report on Assessment of Compliance with SEC Regulation AB Servicing Criteria, that AEP Texas Inc. (the "Company") complied with the servicing criteria set forth in Item 1122(d) of the Securities and Exchange Commission's Regulation AB for the Senior Secured Transition Bonds, Series A (the "Platform"), as of and for the year ended December 31, 2018, excluding criteria 1122(d)(1)(ii), 1122(d)(1)(iii), 1122(d)(1)(iv), 1122(d)(2)(vi), 1122(d)(4)(iii), 1122(d)(4)(v), 1122(d)(4)(ix), 1122(d)(4)(xi), 1122(d)(4)(xii), 1122(d)(4)(xiii), and 1122(d)(4)(xv), which the Company has determined are not applicable to the servicing activities performed by it with respect to the Platform. AEP Texas Inc.'s management is responsible for its assertion and for the Company's compliance with the applicable servicing criteria. Our responsibility is to express an opinion on management's assertion about the Company's compliance with the applicable servicing criteria based on our examination.

Our examination was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion about compliance with the applicable servicing criteria is fairly stated, in all material respects, and, accordingly, included examining, on a test basis, evidence about the Company's compliance with the applicable servicing criteria and performing such other procedures as we considered necessary in the circumstances. Our examination included testing of selected assetbacked transactions and securities that comprise the Platform, testing of selected servicing activities related to the Platform, and determining whether the Company processed those selected transactions and performed those selected activities in compliance with the applicable servicing criteria. Our procedures were limited to the selected transactions and servicing activities performed by the Company during the period covered by this report. Our procedures were not designed to detect noncompliance arising from errors that may have occurred prior to or subsequent to our tests that may have affected the balances or amounts calculated or reported by the Company during the period covered by this report. We believe that our examination provides, and that the evidence we obtained is sufficient and appropriate to provide, a reasonable basis for our opinion. Our examination does not provide a legal determination on the Company's compliance with the servicing criteria.

In our opinion, management's assertion that AEP Texas Inc. complied with the aforementioned applicable servicing criteria as of and for the year ended December 31, 2018 for the Senior Secured Transition Bonds, Series A, is fairly stated, in all material respects.

/s/ PricewaterhouseCoopers LLP

Tulsa, Oklahoma  
March 29, 2019

**ATTESTATION REPORT ON ASSESSMENT OF COMPLIANCE WITH SERVICING CRITERIA FOR  
ASSET-BACKED SECURITIES OF KPMG LLP ON BEHALF OF THE BANK OF NEW YORK  
MELLON, AS INDENTURE TRUSTEE**

**Report of Independent Registered Public Accounting Firm**

The Board of Directors  
The Bank of New York Mellon  
BNY Mellon Trust of Delaware  
The Bank of New York Mellon Trust Company, N.A.:

We have examined management's assertion, included in the accompanying Assessment of Compliance with Applicable Servicing Criteria, that The Bank of New York Mellon (formerly The Bank of New York), BNY Mellon Trust of Delaware (formerly BNYM (Delaware)) and The Bank of New York Mellon Trust Company, N.A. (formerly The Bank of New York Trust Company, N.A.), (collectively, the Company) complied with the servicing criteria set forth in Item 1122(d) of the Securities and Exchange Commission's Regulation AB for the publicly-issued (i.e., transaction-level reporting initially required under the Securities and Exchange Act of 1934, as amended) asset-backed securities issued on or after January 1, 2006 and like-kind transactions issued prior to January 1, 2006 that are subject to Regulation AB (including transactions subject to Regulation AB by contractual obligation) for which the Company provides trustee, securities administration, paying agent or custodial services, as defined and to the extent applicable in the transaction agreements, other than residential mortgage-backed securities and other mortgage-related asset-backed securities (the Platform), except for servicing criteria 1122(d)(1)(iii), 1122(d)(1)(iv), 1122(d)(1)(v), 1122(d)(2)(iii), 1122(d)(4)(vi), 1122(d)(4)(vii), 1122(d)(4)(viii), 1122(d)(4)(x), 1122(d)(4)(xi), 1122(d)(4)(xii), 1122(d)(4)(xiii) and 1122(d)(4)(xiv), which the Company has determined are not applicable to the activities it performs with respect to the Platform (the Servicing Criteria), as of and for the twelve months ended December 31, 2018. With respect to applicable servicing criterion 1122(d)(4)(iii), the Company has determined that there were no activities performed during the twelve months ended December 31, 2018 with respect to the Platform, because there were no occurrences of events that would require the Company to perform such activities. Management is responsible for the Company's compliance with the Servicing Criteria. Our responsibility is to express an opinion on management's assertion about the Company's compliance with the Servicing Criteria based on our examination.

Our examination was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and in accordance with attestation standards established by the American Institute of Certified Public Accountants to obtain reasonable assurance and, accordingly, included examining, on a test basis, evidence about the Company's compliance with the Servicing Criteria and performing such other procedures as we considered necessary in the circumstances. Our examination included testing selected asset-backed transactions and securities that comprise the Platform, testing selected servicing activities related to the Platform, and determining whether the Company processed those selected transactions and performed those selected activities in compliance with the Servicing Criteria. Furthermore, our procedures were limited to the selected transactions and servicing activities performed by the Company during the period covered by this report. Our procedures were not designed to determine whether errors may have occurred either prior to or subsequent to our tests that may have affected the balances or amounts calculated or reported by the Company during the period covered by this report for the selected transactions or any other transactions. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Company's compliance with the Servicing Criteria.

As described in the Company's Assessment of Compliance with Applicable Servicing Criteria, for servicing criterion 1122(d)(2)(vi), the Company has engaged a vendor to perform the activities required by this servicing criterion. The Company has determined that this vendor is not considered a "servicer" as defined in Item 1101(j) of Regulation AB, and the Company has elected to take responsibility for assessing compliance with the servicing criterion applicable to this vendor as permitted by the SEC's *Compliance and Disclosure Interpretation (C&DI) 200.06, Vendors Engaged by Servicers* (C&DI 200.06). As permitted by C&DI 200.06, the Company has asserted that it has policies and procedures in place designed to provide reasonable assurance that the vendor's activities comply in all material respects with the servicing criterion applicable to the vendor. The Company is solely responsible for determining that it meets the SEC requirements to apply C&DI 200.06 for the vendor and related servicing criterion as described in its assertion, and we performed no procedures with respect to the Company's eligibility to apply C&DI 200.06.

In our opinion, management's assertion that the Company complied with the aforementioned Servicing Criteria, including servicing criterion 1122(d)(2)(vi) for which compliance is determined based on C&DI 200.06 as described above, as of and for the twelve months ended December 31, 2018 is fairly stated, in all material respects.

/s/ KPMG LLP

Chicago, Illinois  
February 28, 2019

**SERVICER COMPLIANCE STATEMENT**

I, Julia A. Sloat, certify that:

(a) A review of AEP Texas Inc.'s (the "Servicer") activities during the reporting period covered by this Report on Form 10-K and of its performance under that certain Transition Property Servicing Agreement dated as of October 11, 2006 between AEP Texas Central Transition Funding II LLC, as the Issuing Entity, and the Servicer (the "Servicing Agreement") has been made under my supervision.

(b) To the best of my knowledge, based on such review, the Servicer has fulfilled all of its obligations under the Servicing Agreement in all material respects throughout the reporting period.

Date: March 29, 2019

/s/ Julia A. Sloat

Name: Julia A. Sloat

Title: Treasurer and Senior Officer in Charge of  
the Servicing Function, AEP Texas Inc., as Servicer