

**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, 2014
- 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: 333-179092

AEP TEXAS CENTRAL TRANSITION FUNDING III LLC  
(Exact name of issuing entity as specified in its charter)

AEP TEXAS CENTRAL COMPANY  
(Exact name of depositor and sponsor as specified in its charter)

Delaware  
(State or other jurisdiction of incorporation or organization)

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

20-1707696  
(I.R.S. Employer Identification No.)

78401  
(Zip Code)

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 and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted 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, accelerated filer, or non-accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Check One:

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting 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 2015 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. Submission of Matters to a Vote of Security Holders.**

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 III 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 Central Company (TCC) 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 TCC or any of their respective affiliates or (iii) a person who controls (whether directly, indirectly or otherwise) TCC or its affiliates or any creditor, employee, officer, director, manager or material supplier or contractor of TCC or its affiliates

The following are the managers of the Company as of March 27, 2015:

<u>Name</u>	<u>Age</u>	<u>Background</u>
Brian X. Tierney	47	President and manager of the Company. Vice president, chief financial officer and director of AEP Texas Central Company (TCC), 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	45	Treasurer and manager of the Company. Treasurer of TCC, treasurer of AEP and senior vice president and treasurer of the Service Corporation since January 1, 2013. 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. Treasurer of certain other AEP System companies.
Renee V. Hawkins	49	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	56	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 LLC (TCC Funding I) and AEP Texas Central Transition Funding II LLC (TCC Funding II).
Daniel P. McMahon	54	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. McMahon presently serves as an independent manager for TCC Funding I and TCC Funding II.

## **Code of Conduct**

The Company is a wholly owned subsidiary of TCC 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 \$1,800 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 TCC 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 2015 annual meeting of stockholders filed with the Securities and Exchange Commission on March 12, 2015.

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

None.

## **Item 13. Certain Relationships and Related Transactions.**

None.

## **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 January 5, 2012.
  - 3.2 Amended and Restated Limited Liability Company Agreement of the Issuing Entity executed as of February 27, 2012.
  - 4.1 Indenture dated as of March 14, 2012 between the Issuing Entity and U.S. Bank National Association providing for the issuance of Senior Secured Transition Bonds.
  - 4.2 Form of Senior Secured Transition Bonds.
  - 10.1 Transition Property Purchase and Sale Agreement dated as of March 14, 2012 between the Issuing Entity and AEP Texas Central Company, as seller.
  - 10.2 Transition Property Servicing Agreement dated as of March 14, 2012 between the Issuing Entity

and AEP Texas Central Company, as servicer.

10.3 Administration Agreement dated as of March 14, 2012 between the Issuing Entity and AEP Texas Central Company, as servicer.

10.4 Amended and Restated Intercreditor Agreement, dated as of March 14, 2012, by and among 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 Central Company, as servicer.

\*33.2 Report on assessment of compliance with servicing criteria for asset-backed issuers for U.S. Bank National Association, as Indenture Trustee.

\*34.1 Attestation report on assessment of compliance with servicing criteria for asset-backed securities of Deloitte & Touche LLP on behalf of AEP Texas Central Company, as servicer.

\*34.2 Attestation report on assessment of compliance with servicing criteria for asset-backed securities of Ernst & Young LLP on behalf of U.S. Bank National Association, as Indenture Trustee.

\*35.1 Servicer compliance statement of AEP Texas Central Company, 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 January 5, 2012 (incorporated by reference to exhibit 3.1 included as an exhibit to the Sponsor's Form S-3/A dated February 27, 2012).

3.2 Amended and Restated Limited Liability Company Agreement of the Issuing Entity executed as of February 27, 2012 (incorporated by reference to exhibit 3.2 included as an exhibit to the Sponsor's Form S-3/A dated February 27, 2012).

4.1 Indenture dated as of March 14, 2012 between the Issuing Entity and U.S. Bank National Association providing for the issuance of Senior Secured Transition Bonds (incorporated by reference to exhibit 4.1 included as an exhibit to the Sponsor's Form 8-K dated March 14, 2012).

4.2 Form of Senior Secured Transition Bonds (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 March 14, 2012).

10.1 Transition Property Purchase and Sale Agreement dated as of March 14, 2012 between the Issuing Entity and AEP Texas Central Company, as seller (incorporated by reference to exhibit 99.2 included as an exhibit to the Sponsor's Form 8-K dated March 14, 2012).

10.2 Transition Property Servicing Agreement dated as of March 14, 2012 between the Issuing Entity and 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 March 14, 2012).

10.3 Administration Agreement dated as of March 14, 2012 between the Issuing Entity and 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 March 14, 2012).

10.4 Amended and Restated Intercreditor Agreement, dated as of March 14, 2012, by and among 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 Central Company, as servicer.

\*33.2 Report on assessment of compliance with servicing criteria for asset-backed issuers for U.S. Bank National Association, as Indenture Trustee.

\*34.1 Attestation report on assessment of compliance with servicing criteria for asset-backed securities of Deloitte & Touche LLP on behalf of AEP Texas Central Company, as servicer.

\*34.2 Attestation report on assessment of compliance with servicing criteria for asset-backed securities of Ernst & Young LLP for U.S. Bank National Association, as Indenture Trustee.

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

**Item 1112(b). Significant Obligators 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.**

U.S. Bank National Association has provided the following information to the depositor:

In June 2014, a civil complaint was filed in the Supreme Court of the State of New York, New York County, by a group of institutional investors against U.S. Bank National Association ("U.S. Bank"), in its capacity as trustee or successor trustee (as the case may be) under certain residential mortgage backed securities ("RMBS") trusts. The plaintiffs are investment funds formed by nine investment advisors (AEGON, BlackRock, Brookfield, DZ Bank, Kore, PIMCO, Prudential, Sealink and TIAA) that purport to be bringing suit derivatively on behalf of 841 RMBS trusts that issued \$771 billion in original principal amount of securities between 2004 and 2008. According to the plaintiffs, cumulative losses for these RMBS trusts equal \$92.4 billion as of the date of the complaint. The complaint is one of six similar complaints filed against RMBS trustees (Deutsche Bank, Citibank, HSBC, Bank of New York Mellon and Wells Fargo) by certain of these plaintiffs. The complaint against U.S. Bank alleges the trustee caused losses to investors as a result of alleged failures by the sponsors, mortgage loan sellers and servicers for these RMBS trusts and asserts causes of action based upon the trustee's purported failure to enforce repurchase obligations of mortgage loan sellers for alleged breaches of representations and warranties concerning loan quality. The complaint also asserts that the trustee failed to notify securityholders of purported events of default allegedly caused by breaches by mortgage loan servicers and that the trustee purportedly failed to abide by appropriate standards of care following events of default. Relief sought includes money damages in an unspecified amount and equitable relief. In November 2014, the plaintiffs sought leave to voluntarily dismiss their original state court complaint and filed a substantially similar complaint in the United States District Court for the Southern District of New York. The federal civil complaint added a class action allegation and a change in the total number of named trusts to 843 RMBS trusts. In December 2014, the plaintiffs' motion to voluntarily dismiss their original state court complaint

was granted. Other cases alleging similar causes of action have previously been filed against U.S. Bank and other trustees by RMBS investors in other transactions.

There can be no assurances as to the outcome of the litigation, or the possible impact of the litigation on the trustee or the RMBS trusts. However, U.S. Bank denies liability and believes that it has performed its obligations under the RMBS trusts in good faith, that its actions were not the cause of losses to investors and that it has meritorious defenses, and it intends to contest the plaintiffs' claims vigorously.

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

AEP Texas Central Transition Funding III LLC is a wholly-owned subsidiary of AEP Texas Central Company.

**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 Central Company included as Exhibits 33.1 and 34.1, respectively, to this Form 10-K identified no material instances of noncompliance by AEP Texas Central Company 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 27<sup>th</sup> day of March, 2015.

AEP Texas Central Transition Funding III LLC  
(Issuing Entity)

By: AEP Texas Central Company, 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 Central Company, as servicer.

33.2 Report on assessment of compliance with servicing criteria for asset-backed issuers for U.S. Bank National Association, as Indenture Trustee.

34.1 Attestation report on assessment of compliance with servicing criteria for asset-backed securities of Deloitte & Touche LLP on behalf of AEP Texas Central Company, as servicer.

34.2 Attestation report on assessment of compliance with servicing criteria for asset-backed securities of Ernst & Young LLP on behalf of U.S. Bank National Association, as Indenture Trustee.

35.1 Servicer compliance statement of AEP Texas Central Company, 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 III 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 Central Company, 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 March 14, 2012 between AEP Texas Central Transition Funding III 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: U.S. Bank National Association, as Indenture Trustee.

Date: March 27, 2015

/s/ Julia A. Sloat

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

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

AEP Texas Central Company (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), (3)(ii) (allocation and remittance), (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, 2014 and for the period January 1, 2014 through December 31, 2014, which is the period covered by this report on Form 10-K; and

(4) Deloitte & Touche 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, 2014 and for the period January 1, 2014 through December 31, 2014, which is the period covered by this report on Form 10-K.

Date: March 27, 2015

AEP TEXAS CENTRAL COMPANY,  
as Servicer

/s/ Julia A. Sloat

Name: Julia A. Sloat

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

**Report on assessment of compliance with servicing criteria for asset-backed issuers for U.S. Bank National Association,  
as Indenture Trustee**

Management's Assertion

Report on Assessment of Compliance with Applicable Servicing

U.S. Bank National Association ("U.S. Bank") is responsible for assessing compliance as of and for the year ended December 31, 2014 with the servicing criteria set forth in Item 1122 (d) of Regulation AB applicable to it as set forth on Exhibit A hereto. This report covers asset backed securities transactions within the **U.S. Bank Corporate Trust Asset-Backed Securities Platform<sup>1</sup> (the "Platform")**

U.S. Bank hereby provides the following report on its assessment of compliance with the servicing criteria set forth in Item 1122 of Regulation AB applicable to it and as described on Exhibit A hereto:

1. U.S. Bank is responsible for assessing its compliance with the servicing criteria applicable to it as noted on the accompanying Exhibit A;
2. Except as set forth in paragraph 3 below, U.S. Bank used the criteria set forth in paragraph (d) of Item 1122 of Regulation AB to assess its compliance with the applicable servicing criteria;
3. The criteria listed in the column titled "Inapplicable Servicing Criteria" on Exhibit A hereto are inapplicable to U.S. Bank based on the servicing activities it performs directly with respect to the Platform;
4. U.S. Bank has complied, in all material respects, with the applicable servicing criteria as of and for the year ended December 31, 2014; and
5. Ernst & Young, LLP, a registered public accounting firm, has issued an attestation report on U.S. Bank's assessment of compliance with the applicable servicing criteria as of and for the year ended December 31, 2014.

U.S. BANK NATIONAL ASSOCIATION

/s/ Bryan R. Calder  
Name: Bryan R. Calder  
Title: Executive Vice President

Date: February 27, 2015

<sup>1</sup> The U.S. Bank Corporate Trust Asset-Backed Securities Platform (the "Platform") consists of the activities involved in the performance of servicing functions for which the Company provides trustee, securities administration, registrar or paying agent services for (i) publicly issued asset-backed and mortgage backed transactions the securities of which were offered on or after January 1, 2006 and (ii) certain asset backed transactions for which the Issuer has voluntarily elected to make Regulation AB compliant filings under the Securities Exchange Act of 1934, as amended.

**EXHIBIT A to Management's Assertion**

Reference	Servicing Criteria	Applicable Servicing Criteria	Inapplicable Servicing Criteria
<b><u>General Servicing Considerations</u></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	
<b><u>Cash Collection and Administration</u></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 following 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 13k-1(b)(1) of the Securities Exchange Act.	X	
1122(d)(2)(vi)	Unissued checks are safeguarded so as to prevent unauthorized access.	X	
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 are (A) mathematically accurate; (B) prepared within 30 calendar days after the bank statement cutoff date, or such other number of days specified in the transaction agreements; (C) 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	

Reference	Servicing Criteria	Applicable Servicing Criteria	Inapplicable Servicing Criteria
<b><u>Investor Remittances and Reporting</u></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><u>Pool Asset Administration</u></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 assets 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	
1122(d)(4)(iv)	Payments on pool assets, including any payoffs, made in accordance with the related pool asset documents are posted to the 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

Reference	Servicing Criteria	Applicable Servicing Criteria	Inapplicable Servicing Criteria
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 assets, or such other number of days specified in the transaction agreements.		X
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 Regulation AB, is maintained as set forth in the transaction agreements.	X	

**ATTESTATION REPORT ON ASSESSMENT OF COMPLIANCE WITH SERVICING  
CRITERIA FOR  
ASSET-BACKED SECURITIES OF DELOITTE & TOUCHE LLP  
ON BEHALF OF AEP TEXAS CENTRAL COMPANY, AS SERVICER**

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholder of  
AEP Texas Central Company  
Columbus, Ohio

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 Central Company (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 (the "Securities") as of and for the year ended December 31, 2014, excluding criteria 1122(d)(1)(ii), 1122(d)(1)(iii), 1122(d)(1)(iv), 1122(d)(2)(vi), 1122(d)(3)(ii), 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 management has determined are not applicable to the activities performed by the Company with respect to the Securities. 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, accordingly, included examining, on a test basis, evidence about the Company's compliance with the applicable servicing criteria, including tests on a sample basis of the servicing activities related to the Securities, determining whether the Company performed those selected activities in compliance with the servicing criteria during the specified period, and performing such other procedures as we considered necessary in the circumstances. Our procedures were limited to selected servicing activities performed by the Company during the period covered by this report and, accordingly, such samples may not have included servicing activities related to each asset-backed transaction included in the Securities. Further, an examination is not designed to detect noncompliance arising from errors that may have occurred prior to the period specified above 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 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 the Company complied with the aforementioned applicable servicing criteria as of and for the year ended December 31, 2014 for the Senior Secured Transition Bonds is fairly stated, in all material respects.

/s/ Deloitte & Touche LLP

March 27, 2015  
Columbus, Ohio

**Attestation report on assessment of compliance with servicing criteria for  
asset-backed securities of ERNST & YOUNG LLP on behalf of U.S. Bank National  
Association, as Indenture Trustee**

Report of Independent Registered Public Accounting Firm

The Board of Directors  
U.S. Bank National Association

We have examined management's assertion, included in the accompanying Report on Assessment for Compliance with Applicable Servicing Criteria, that U.S. Bank National Association (the "Company") complied with the servicing criteria set forth in Item 1122 (d) of the Securities and Exchange Commission's Regulation AB for the U.S. Bank Corporate Trust Asset-Backed Securities Platform (the "Platform"), for which the Company provides trustee, registrar, paying agent, and securities administrator services, as of and for the year ended December 31, 2014, except for servicing criteria 1122 (d)(1)(iii), 1122 (d)(4)(i)-(ii), and 1122 (d)(4) (iv)-(xiv), which the Company has determined are not applicable to the activities performed by them with respect to the servicing platform covered by this report. Management is responsible for the Company's compliance with those 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 attestation standards established by the American Institute of Certified Public Accountants, as adopted by the Public Company Accounting Oversight Board (United States) 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 less than all of the individual asset-backed transactions and securities that comprise the Platform, testing of less than all of the 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. Although the Company is responsible for assessing compliance with Items 1122 (d)(1)(ii) and 1122 (d)(2)(iii) of Regulation AB, there were no servicing activities performed by the Company during the period from January 1, 2014 through December 31, 2014, that required these servicing criteria to be complied with. 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.

In our opinion, management's assertion that the Company complied with the aforementioned servicing criteria as of and for the year ended December 31, 2014, for the U.S. Bank Corporate Trust Asset-Backed Securities Platform is fairly stated, in all material respects.

/s/ Ernst & Young

Minneapolis, Minnesota  
February 27, 2015

**SERVICER COMPLIANCE STATEMENT**

I, Julia A. Sloat, certify that:

(a) A review of AEP Texas Central Company'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 March 14, 2012 between AEP Texas Central Transition Funding III 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 27, 2015

/s/ Julia A. Sloat

Name: Julia A. Sloat

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