

TORTOISE POWER & ENERGY INFRASTRUCTURE FUND INC

Form N-Q

October 27, 2009

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

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT INVESTMENT  
COMPANY

Investment Company Act file number 811-22106

Tortoise Power and Energy Infrastructure Fund, Inc.  
(Exact name of registrant as specified in charter)

11550 Ash Street, Suite 300, Leawood, KS 66211  
(Address of principal executive offices) (Zip code)

David J. Schulte  
11550 Ash Street, Suite 300, Leawood, KS 66211  
(Name and address of agent for service)

913-981-1020  
Registrant's telephone number, including area code

Date of fiscal year end: November 30

Date of reporting period: August 31, 2009

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## Item 1. Schedule of Investments.

Tortoise Power and Energy Infrastructure Fund, Inc.  
SCHEDULE OF INVESTMENTS (Unaudited)

August 31, 2009

|   | Principal<br>Amount | Fair Value  |
|---|---------------------|-------------|
| Corporate Bonds - 41.9% (1)                                   |                     |             |
| Crude/Refined Products Pipelines - 2.1% (1)                   |                     |             |
| United States - 2.1% (1)                                      |                     |             |
| Kinder Morgan Finance Co., 5.700%, 01/05/2016                 | \$3,000,000         | \$2,745,000 |
| Electric/Natural Gas Utility - 16.1% (1)                      |                     |             |
| United States - 16.1% (1)                                     |                     |             |
| Ameren Corp., 8.875%, 05/15/2014                              | 2,000,000           | 2,177,616   |
| CMS Energy Corp., 8.750%, 06/15/2019                          | 500,000             | 530,548     |
| DTE Energy Co., 6.375%, 04/15/2033                            | 2,340,000           | 2,054,160   |
| NiSource Finance Corp., 10.750%, 03/15/2016                   | 5,000,000           | 5,855,900   |
| NRG Energy, Inc., 8.500%, 06/15/2019                          | 5,000,000           | 4,862,500   |
| NV Energy, Inc., 6.750%, 08/15/2017                           | 5,000,000           | 4,750,000   |
| Wisconsin Energy Corp., 6.250%, 05/15/2067                    | 875,000             | 691,250     |
|   |                     | 20,921,974  |
| Natural Gas/Natural Gas Liquids Pipelines - 17.3% (1)         |                     |             |
| United States - 17.3% (1)                                     |                     |             |
| CenterPoint Energy, Inc., 6.500%, 05/01/2018                  | 5,000,000           | 4,918,110   |
| El Paso Corp., 12.000%, 12/12/2013                            | 4,000,000           | 4,540,000   |
| Southern Star Central Corp., 6.750%, 03/01/2016               | 675,000             | 631,125     |
| Southern Star Central Gas Pipeline, 6.000%, 06/01/2016 (2)    | 2,000,000           | 1,850,000   |
| TransCanada Pipelines Limited, 6.350%, 05/15/2067             | 6,000,000           | 5,040,000   |
| Williams Companies, Inc., 8.750%, 03/15/2032                  | 2,000,000           | 2,249,926   |
| Williams Companies, Inc., 7.625%, 07/15/2019                  | 3,000,000           | 3,253,800   |
|   |                     | 22,482,961  |
| Natural Gas Gathering/Processing - 6.4% (1)                   |                     |             |
| United States - 6.4% (1)                                      |                     |             |
| DCP Midstream LLC, 9.750%, 03/15/2019 (2)                     | 4,000,000           | 4,755,396   |
| Targa Resources, Inc., 8.500%, 11/01/2013                     | 4,000,000           | 3,620,000   |
|   |                     | 8,375,396   |
| Total Corporate Bonds (Cost \$54,826,683)                     |                     | 54,525,331  |
| Master Limited Partnerships and Related Companies - 26.4% (1) | Shares              |             |
| Crude/Refined Products Pipelines - 14.6% (1)                  |                     |             |
| United States - 14.6% (1)                                     |                     |             |
| Buckeye Partners, L.P.  | 25,300              | 1,188,594   |
| Enbridge Energy Management, L.L.C.                            | 117,600             | 4,952,142   |

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|   |            |                |
|---|------------|----------------|
| Holly Energy Partners, L.P.   | 20,539     | 752,344        |
| Kinder Morgan Management, LLC (3)   | 156,900    | 7,426,077      |
| Magellan Midstream Partners, L.P.   | 19,600     | 710,304        |
| NuStar Energy L.P.  | 32,600     | 1,745,730      |
| Plains All American Pipeline, L.P.  | 16,500     | 782,760        |
| Sunoco Logistics Partners L.P.  | 26,481     | 1,503,591      |
|   |            | 19,061,542     |
| Natural Gas/Natural Gas Liquids Pipelines - 6.1% (1)                        |            |                |
| United States - 6.1% (1)  |            |                |
| Boardwalk Pipeline Partners, LP   | 54,200     | 1,268,822      |
| El Paso Pipeline Partners, L.P.   | 35,600     | 691,352        |
| Energy Transfer Equity, L.P.  | 37,600     | 1,011,064      |
| Energy Transfer Partners, L.P.  | 44,400     | 1,799,976      |
| Enterprise Products Partners L.P.   | 33,600     | 907,200        |
| ONEOK Partners, L.P.  | 24,157     | 1,209,299      |
| Spectra Energy Partners, LP   | 26,960     | 624,663        |
| Williams Pipeline Partners L.P.   | 23,645     | 436,960        |
|   |            | 7,949,336      |
| Natural Gas Gathering/Processing - 4.0% (1)                                 |            |                |
| United States - 4.0% (1)  |            |                |
| Copano Energy, L.L.C.   | 24,600     | 382,038        |
| DCP Midstream Partners, LP  | 35,900     | 803,801        |
| Duncan Energy Partners L.P.   | 96,400     | 1,749,660      |
| MarkWest Energy Partners, L.P.  | 36,850     | 761,321        |
| Targa Resources Partners LP   | 76,800     | 1,297,920      |
| Western Gas Partners LP   | 15,300     | 257,805        |
|   |            | 5,252,545      |
| Propane Distribution - 1.7% (1)   |            |                |
| United States - 1.7% (1)  |            |                |
| Inergy, L.P.  | 78,500     | 2,188,580      |
| Total Master Limited Partnerships and Related Companies (Cost \$34,613,982) |            | 34,452,003     |
| Short-Term Investments - 34.7% (1)  |            |                |
| United States Investment Companies - 34.7% (1)                              |            |                |
| Wells Fargo Advantage Heritage Money Market Fund, 0.34% (4)                 | 44,516,319 | 44,516,319     |
| Fidelity Institutional Government Portfolio - Class I, 0.19% (4)            | 683,222    | 683,222        |
| Total Short-Term Investments (Cost \$45,199,541)                            |            | 45,199,541     |
| Total Investments - 103.0% (1) (Cost \$134,640,206)                         |            | 134,176,875    |
| Other Assets and Liabilities - (3.0%) (1)                                   |            | (3,898,874 )   |
| Total Net Assets Applicable to Common Stockholders - 100.0% (1)             |            | \$ 130,278,001 |

- (1) Calculated as a percentage of net assets applicable to common stockholders.
  - (2) Restricted securities have been fair valued in accordance with procedures approved by the Board of Directors and have a total fair value of \$6,605,396, which represents 5.1% of net assets.
  - (3) Security distributions are paid-in-kind.
  - (4) Rate indicated is the current yield as of August 31, 2009.
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Various inputs are used in determining the value of the Company's investments. These inputs are summarized in the three broad levels listed below:

Level 1 – quoted prices in active markets for identical investments

Level 2 – other significant observable inputs (including quoted prices for similar investments, market corroborated inputs, etc.)

Level 3 – significant unobservable inputs (including the Company's own assumptions in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

On April 9, 2009, the FASB issued FASB Staff Position (FSP) No. FAS 107-1 and APB 28-1, Interim Disclosures About Fair Value of Financial Instruments, which amends FASB Statement No. 107, Disclosures About Fair Value of Financial Instruments ("FSP 107-1"), to require disclosures about fair value of financial instruments for interim financial statements of publicly traded companies as well as in annual financial statements. FSP 107-1 also amends APB Opinion No. 28, Interim Financial Reporting, to require those disclosures in summarized financial information at interim reporting periods. FSP 107-1 is effective for interim reporting periods ending after June 15, 2009.

The following table provides the fair value measurements of applicable Company assets and liabilities by level within the fair value hierarchy as of August 31, 2009. These assets are measured on a recurring basis.

| Description  | Fair Value at August 31, 2009 | Fair Value Measurements at Reporting Date Using                |   |   |
|--|-------------------------------|--|---|---|
|  |                               | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Debt Securities                                      |                               |  |   |   |
| Corporate Bonds(a)                                   | \$ 54,525,331                 | \$ -   | \$ 54,525,331                                 | \$ -                                      |
| Total Debt Securities                                | 54,525,331                    | -  | 54,525,331                                    | -   |
| Equity Securities                                    |                               |  |   |   |
| Master Limited Partnerships and Related Companies(a) | 34,452,003                    | 34,452,003   | -   | -   |
| Total Equity Securities                              | 34,452,003                    | 34,452,003   | -   | -   |
| Other  |                               |  |   |   |
| Short-Term Investments(b)                            | 45,199,541                    | 45,199,541   | -   | -   |
| Total Other  | 45,199,541                    | 45,199,541   | -   | -   |
| Total  | \$ 134,176,875                | \$ 79,651,544  | \$ 54,525,331                                 | \$ -                                      |

(a) All other industry classifications are identified in the Schedule of Investments.

(b) Short-term investments are sweep investments for cash balances in the Company at August 31, 2009.

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Certain of the Company's investments are restricted and are valued as determined in accordance with procedures established by the Board of Directors. The table below shows the number of units held, acquisition date, acquisition cost, fair value per unit and percent of net assets which the securities comprise at August 31, 2009.

| Company  | Principal Amount | Acquisition Date(s) | Acquisition Cost | Fair Value | Fair Value Per Share | Fair Value as Percent of Net Assets |
|--|------------------|---------------------|------------------|------------|----------------------|-------------------------------------|
| DCP Midstream LLC,<br>9.750%, 03/15/2019                     | \$4,000,000      | 08/07/09-08/27/09   | \$ 4,769,350     | 4,755,396  | N/A                  | 3.7%                                |
| Southern Star Central Gas<br>Pipeline, 6.000%,<br>06/01/2016 | \$2,000,000      | 08/24/09            | 1,970,000        | 1,850,000  | N/A                  | 1.4                                 |
|  |                  |                     | \$ 6,739,350     | 6,605,396  |                      | 5.1%                                |

At August 31, 2009, the cost basis of investments for federal income tax purposes was \$134,615,919. At August 31, 2009, gross unrealized appreciation and depreciation of investments for federal income tax purposes were as follows:

|                               |              |
|-------------------------------|--------------|
| Gross unrealized appreciation | \$ 296,561   |
| Gross unrealized depreciation | (735,605)    |
| Net unrealized depreciation   | \$ (439,044) |

Item 2. Controls and Procedures.

- (a) The registrant's President and Chief Executive Officer and its Chief Financial Officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940 (the "1940 Act")) are effective as of a date within 90 days of the filing date of this report, based on the evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act and Rule 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, as amended.
- (b) There was no change in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3. Exhibits.

Separate certifications for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2(a) under the 1940 Act (17 CFR 270.30a-2(a)) are filed herewith.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Tortoise Power and Energy Infrastructure Fund, Inc.

Date: October 27, 2009

By: /s/ David J. Schulte  
David J. Schulte  
President and Chief Executive  
Officer

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Tortoise Power and Energy Infrastructure Fund, Inc.

Date: October 27, 2009

By: /s/ David J. Schulte  
David J. Schulte  
President and Chief Executive  
Officer

Tortoise Power and Energy Infrastructure Fund, Inc.

Date: October 27, 2009

By: /s/ Terry Matlack  
Terry Matlack  
Chief Financial Officer