

REAVES UTILITY INCOME FUND  
Form N-Q  
September 28, 2006

**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 811-21432

REAVES UTILITY INCOME FUND  
(Exact name of registrant as specified in charter)

1625 Broadway, Suite 2200, Denver, Colorado  
(Address of principal executive offices)

80202  
(Zip code)

Tane Tyler

Reaves Utility Income Fund

1625 Broadway, Suite 2200

Denver, Colorado 80202  
(Name and address of agent for service)

Registrant's telephone number, including area code: (303) 623-2577

Date of fiscal year end: October 31

Date of reporting period: July 31, 2006

**Item 1 Schedule of Investments.****Reaves Utility Income Fund****Schedule of Investments****July 31, 2006 (Unaudited)**

|                                       | Shares    | Value         |
|---------------------------------------|-----------|---------------|
| <b>COMMON STOCKS - 125.85%</b>        |           |               |
| <b>Consumer Staples - 11.47%</b>      |           |               |
| Altria Group, Inc.                    | 540,300   | \$ 43,207,791 |
| Reynolds American, Inc.               | 70,200    | 8,899,956     |
| UST, Inc.                             | 210,000   | 10,615,500    |
|                                       |           | 62,723,247    |
| <b>Electric - 65.74%</b>              |           |               |
| Ameren Corp.                          | 680,000   | 35,020,000    |
| Consolidated Edison, Inc.             | 236,800   | 11,098,816    |
| Duke Energy Corp.                     | 1,950,000 | 59,124,000    |
| Duquesne Light Holdings, Inc.         | 300,000   | 5,841,000     |
| Edison International                  | 40,000    | 1,655,200     |
| Enel S.P.A, ADR                       | 320,000   | 14,172,800    |
| Exelon Corp.                          | 435,000   | 25,186,500    |
| Great Plains Energy, Inc.             | 1,550,000 | 45,461,500    |
| ITC Holdings Corp.                    | 30,000    | 933,300       |
| OGE Energy Corp.                      | 930,000   | 35,200,500    |
| Pinnacle West Capital Corp.           | 210,000   | 9,032,100     |
| PPL Corp.                             | 660,000   | 22,453,200    |
| Public Service Enterprise Group, Inc. | 411,800   | 27,767,674    |
| TECO Energy, Inc.                     | 1,300,000 | 20,722,000    |
| TransAlta Corp.                       | 300,000   | 6,198,000     |
| TXU Corp.                             | 40,000    | 2,569,200     |
| WPS Resources Corp.                   | 543,000   | 28,002,510    |
| Xcel Energy, Inc.                     | 445,000   | 8,917,800     |
|                                       |           | 359,356,100   |
| <b>Energy - 7.35%</b>                 |           |               |
| BP Amoco PLC, ADR                     | 195,000   | 14,141,400    |
| Eni S.P.A                             | 100,000   | 6,138,000     |
| Halliburton Co.                       | 200,000   | 6,672,000     |
| Occidental Petroleum Corp.            | 30,000    | 3,232,500     |
| Petrochina LTD - ADR                  | 20,000    | 2,288,000     |
| Todco *                               | 72,000    | 2,743,920     |
| Transocean, Inc. *                    | 64,000    | 4,942,720     |
|                                       |           | 40,158,540    |
| <b>Financials - 0.29%</b>             |           |               |
| Lloyd TSB Group PLC                   | 40,000    | 1,609,600     |
| <b>Gas - 10.59%</b>                   |           |               |
| Equitable Resources, Inc.             | 175,000   | 6,301,750     |
| ONEOK, Inc.                           | 850,000   | 31,628,500    |
| Sempra Energy                         | 359,700   | 17,359,122    |
| South Jersey Industries, Inc.         | 42,500    | 1,260,975     |
| Southern Union Co.                    | 20,000    | 542,800       |
| Southwest Gas Corp.                   | 24,300    | 800,199       |
|                                       |           | 57,893,346    |



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|   |           |             |
|---|-----------|-------------|
| <b>Telephone - 30.41 %</b>                            |           |             |
| AT&T Corp.  | 2,255,965 | 67,656,390  |
| BCE, Inc.   | 824,964   | 18,842,178  |
| Citizens Communications Co.                           | 2,695,000 | 34,576,850  |
| Embarq Corp. *  | 94,500    | 4,276,125   |
| Sprint Nextel Corp.                                   | 585,000   | 11,583,000  |
| Telecom Corp. of New Zealand - ADR                    | 800,000   | 16,240,000  |
| Verizon Communications                                | 60,000    | 2,029,200   |
| Vodafone Group PLC - B Shares *                       | 170,000   |             |
| Vodafone Group PLC                                    | 148,750   | 3,224,900   |
| Windstream Corp.                                      | 621,127   | 7,782,717   |
|   |           | 166,211,360 |
| <b>TOTAL COMMON STOCKS</b>                            |           |             |
| (Cost \$579,726,345)                                  |           | 687,952,193 |
| <b>PREFERRED STOCKS - 8.54%</b>                       |           |             |
| <b>Consumer Discretionary - 0.30%</b>                 |           |             |
| Corts Ford Trust, 7.40%, 11/01/46                     | 97,700    | 1,620,843   |
| <b>Electric - 3.68%</b>                               |           |             |
| AES Trust III, 6.75%, 10/15/29                        | 133,100   | 6,350,201   |
| BGE Capital Trust II, 6.20%, 10/15/43                 | 195,000   | 4,428,450   |
| Entergy Gulf States, Inc., Series A, 7.00% 09/15/13** | 3,828     | 387,705     |
| Entergy Mississippi, Inc., 4.56%                      | 3,520     | 279,730     |
| Georgia Power Capital Trust V , 7.13%, 3/31/42        | 141,400   | 3,594,388   |
| Great Plains Energy, Inc., 8.00%, 02/16/07            | 50,000    | 1,188,000   |
| PSEG Funding Trust II , 8.75%, 12/31/32               | 90,100    | 2,402,967   |
| Public Service Co. of New Mexico Series 1965, 4.58%   | 11,667    | 992,060     |
| Southern Cal Edison , 4.32%                           | 24,300    | 468,990     |
|   |           | 20,092,491  |
| <b>Financials - 3.90%</b>                             |           |             |
| ABN AMRO Capital Funding Trust VII, 6.08%             | 120,000   | 2,821,200   |
| GMAC, 7.375%  | 50,000    | 1,135,500   |
| Merrill Lynch & Co., Series H, 5.87%**                | 455,000   | 11,552,450  |
| Renaissance Holdings Ltd., Series C, 6.08%            | 270,300   | 5,824,965   |
|   |           | 21,334,115  |
| <b>Gas - 0.06%</b>                                    |           |             |
| Southern Union Co., 7.55%                             | 13,100    | 347,969     |
| <b>Real Estate Investment Trusts - 0.60%</b>          |           |             |
| Duke Realty Corp., Series K, 6.50%                    | 138,700   | 3,264,998   |
| <b>TOTAL PREFERRED STOCKS</b>                         |           |             |
| (Cost \$48,966,505)                                   |           | 46,660,416  |
| <b>LIMITED PARTNERSHIPS - 0.80%</b>                   |           |             |
| ONEOK Partners LP                                     | 84,000    | 4,368,000   |
| <b>TOTAL LIMITED PARTNERSHIPS</b>                     |           |             |
| (Cost \$4,227,324)                                    |           | 4,368,000   |

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|  | BOND RATING<br>MOODY/S&P | PRINCIPAL<br>AMOUNT | VALUE      |
|--|--------------------------|---------------------|------------|
| <b>CORPORATE BONDS - 5.54%</b>               |                          |                     |            |
| <b>Electric - 4.21%</b>                      |                          |                     |            |
| Calpine Generating Co.                       |                          |                     |            |
| 11.50%, 4/ 1/2011 ^                          | WR/D                     | 22,000,000          | 22,990,000 |
| <b>Gas - 0.09%</b>                           |                          |                     |            |
| Copano Energy LLC                            |                          |                     |            |
| 8.125%, 3/ 1/2016                            | B2/B                     | 500,000             | 505,000    |
| <b>Telephone - 1.24%</b>                     |                          |                     |            |
| US West Communications                       |                          |                     |            |
| 7.50%, 6/15/2023                             | Ba3/BB                   | 7,000,000           | 6,772,500  |
| TOTAL CORPORATE BONDS<br>(Cost \$28,682,586) |                          |                     | 30,267,500 |

|  | SHARES    |                |
|--|-----------|----------------|
| <b>MUTUAL FUNDS - 1.42%</b>  |           |                |
| Loomis Sayles Institutional High Income Fund   | 424,929   | 3,322,946      |
| Goldman Sachs Financial Square Money Market Fund   | 4,458,874 | 4,458,874      |
| TOTAL MUTUAL FUNDS (Cost \$7,458,874)  |           | 7,781,820      |
| Total Investments - (Cost \$669,061,634) - 142.15%   |           | 777,029,929    |
| Other Assets in Excess of Liabilities - 1.78%  |           | 9,737,572      |
| Liquidation Preference of Auction Market Preferred Shares: Series M7, F7, W28 (including dividends payable on preferred shares) - (43.93%) |           | (240,130,414 ) |
| TOTAL NET ASSETS - 100.00%   |           | \$ 546,637,087 |

\*Non-income producing security

\*\*Floating or variable rate security- rate disclosed as of July 31, 2006. Maturity date represents the next reset date.

^ Security exempt from registration under Rule 144A of the Securities Act of 1933. This security may be resold in transactions exempt from registration, normally to qualified buyers. At July 31, 2006, these securities amounted to a value of \$22,990,000 or 4.21% of net assets.

**Ratings:**

Moody's and S&P's ratings are believed to be the most recent as of July 31, 2006.

**Income Tax Information:**

Net unrealized appreciation/depreciation of investments based on federal tax cost were as follows:

| As of July 31, 2006                                |                |
|--|----------------|
| Gross appreciation (excess of value over tax cost) | \$ 120,342,851 |
| Gross depreciation (excess of tax cost over value) | (14,435,283 )  |
| Net unrealized appreciation                        | 105,907,568    |
| Cost of investments for income tax purposes        | 667,970,700    |

*See Notes to Quarterly Statement of Investments*

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## NOTES TO QUARTERLY STATEMENT OF INVESTMENTS

### 1. Significant Accounting and Operating Policies

Reaves Utility Income Fund is a closed-end management investment company (the Fund) that was organized under the laws of the state of Delaware by an Agreement and Declaration of Trust dated September 15, 2003. The Fund is a non-diversified series with an investment objective to provide a high level of after-tax income and total return consisting primarily of tax-advantaged dividend income and capital appreciation. The Declaration of Trust provides that the Trustees may authorize separate classes of shares of beneficial interest. The Fund commenced operations on February 24, 2004. The Fund's common shares are listed on the American Stock Exchange and trade under the ticker symbol UTG.

The Fund may have elements of risk, including the risk of loss of principal. There is no assurance that the investment process will consistently lead to successful results. An investment concentrated in sectors and industries may involve greater risk and volatility than a more diversified investment.

The following summarizes the significant accounting policies of the Fund.

**Security Valuation:** The net asset value per Share of the Fund is determined no less frequently than daily, on each day that the American Stock Exchange (the Exchange) is open for trading, as of the close of regular trading on the Exchange (normally 4:00 p.m. New York time). Securities held by the fund for which exchange quotations are readily available are valued at the last sale price, or if no sale price or if traded on the over-the-counter market, at the mean of the bid and asked prices on such day. Over-the-counter securities traded on NASDAQ are valued based upon the NASDAQ Official Closing Price. Debt securities for which the over-the-counter market is the primary market are normally valued on the basis of prices furnished by one or pricing services at the mean between the latest available bid and asked prices. As authorized by the Trustees, debt securities (other than short-term obligations) may be valued on the basis of valuations furnished by a pricing service which determines valuations based upon market transactions for normal, institutional-size trading units of securities. Short-term obligations maturing within 60 days are valued at amortized cost which approximates market value. Over-the-counter options are valued at the mean between bid and asked prices provided by dealers. Financial futures contracts listed on commodity exchanges and exchange-traded options are valued at closing settlement prices. Securities for which there is no such quotation or valuation and all other assets are valued at fair value in good faith by or at the direction of the Trustees. Various factors may be reviewed in order to make a good faith determination of a security's fair value. These factors may include, but are not limited to, the type and cost of the security; the fundamental analytical data relating to the investment; an evaluation of the forces which influence the market in which the security is sold, including the liquidity and depth of the market; information as to any transactions or offers with respect to the security; price, yield and the extent of public or private trading in similar securities of the issuer or comparable companies. The valuation assigned to fair-valued securities for purposes of calculating the Fund's NAV

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may differ from the security's most recent closing market price and from the prices used by other funds to calculate their NAVs.

**Foreign Securities:** The Fund may invest a portion of its assets in foreign securities. In the event that the Fund executes a foreign security transaction, the Fund will generally enter into a forward foreign currency contract to settle the foreign security transaction. Foreign securities may carry more risk than U.S. securities, such as political, market and currency risks.

The accounting records of the Fund are maintained in U.S. dollars. Prices of securities denominated in foreign currencies are translated into U.S. dollars at the closing rates of exchange at period end. Amounts related to the purchase and sale of foreign securities and investment income are translated at the rates of exchange prevailing on the respective dates of such transactions.

The effect of changes in foreign currency exchange rates on investments is separately identified from the fluctuations arising from changes in market values of securities held and reported with all other foreign currency gains and losses in the Fund's Statement of Operations.

**Securities Transactions and Investment Income:** Investment security transactions are accounted for as of trade date. Dividend income is recorded on the ex-dividend date. Interest income, which includes amortization of premium and accretion of discount, is accrued as earned. Realized gains and losses from securities transactions and unrealized appreciation and depreciation of securities are determined using the First In First Out basis for both financial reporting and income tax purposes.

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**Item 2 - Controls and Procedures.**

(a) The registrant's principal executive officer and principal financial officer have evaluated the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) within 90 days of this filing and have concluded that the registrant's disclosure controls and procedures were effective, as of that date.

(b) There was no change in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) during 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 the registrant's principal executive officer and principal financial officer, as required by Section 302 of the Sarbanes-Oxley Act of 2002 and Rule 30a-2(a) under the Investment Company Act of 1940, are attached as Ex99.CERT.

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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.

**REAVES UTILITY INCOME FUND**

By: /s/ Edmund J. Burke  
**Edmund J. Burke**  
**President (principal executive officer)**

Date: September 28, 2006

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.

By: /s/ Edmund J. Burke  
**Edmund J. Burke**  
**President (principal executive officer)**

Date: September 28, 2006

By: /s/ Jeremy O. May  
**Jeremy O. May**  
**Treasurer (principal financial officer)**

Date: September 28, 2006