

TORTOISE ENERGY INFRASTRUCTURE CORP
Form N-Q
April 24, 2007

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 **811-21462**

Tortoise Energy Infrastructure Corporation

(Exact name of registrant as specified in charter)

10801 Mastin Blvd., Suite 222, Overland Park, KS 66210

(Address of principal executive offices) (Zip code)

David J. Schulte

10801 Mastin Blvd., Suite 222, Overland Park, KS 66210

(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: **February 28, 2007**

Item 1. Schedule of Investments.

(Unaudited)

| | February 28, 2007 | |
|---|--------------------------|-------------------------|
| | Shares | Value |
| Master Limited Partnerships and Related Companies 175.9% | | |
| Crude/Refined Products Pipelines 91.3% | | |
| Buckeye Partners, L.P. | 567,102 | \$ 27,873,063 |
| Enbridge Energy Partners, L.P. | 925,300 | 48,865,093 |
| Holly Energy Partners, L.P. ⁽²⁾ | 427,070 | 19,696,468 |
| Kinder Morgan Management, LLC ⁽³⁾⁽⁴⁾ | 1,617,533 | 80,892,825 |
| Magellan Midstream Partners, L.P. | 2,224,713 | 93,660,417 |
| Plains All American Pipeline, L.P. | 2,270,434 | 126,009,087 |
| Sunoco Logistics Partners, L.P. | 934,625 | 52,432,463 |
| TEPPCO Partners, L.P. | 869,520 | 37,163,285 |
| Valero, L.P. | 886,689 | 55,861,407 |
| Valero GP Holdings, LLC | 1,408,168 | 37,091,145 |
| | | <hr/> 579,545,253 <hr/> |
| Natural Gas/Natural Gas Liquid Pipelines 40.2% | | |
| Boardwalk Pipeline Partners, L.P. | 108,000 | 3,963,600 |
| Energy Transfer Equity, L.P. ⁽⁵⁾ | 729,661 | 23,604,533 |
| Energy Transfer Partners, L.P. | 1,722,250 | 94,999,310 |
| Enterprise GP Holdings, L.P. | 71,400 | 2,618,952 |
| Enterprise Products Partners, L.P. | 2,323,940 | 70,903,409 |

| | February 28, 2007 | |
|---|--------------------------|-------------------------|
| ONEOK Partners, L.P. | 262,255 | 16,978,389 |
| TC Pipelines, L.P. ⁽⁵⁾ | 1,229,390 | 42,303,310 |
| | | <hr/> 255,371,503 <hr/> |
| Natural Gas Gathering/Processing 30.8% ¹⁾ | | |
| Copano Energy, LLC | 590,448 | 39,016,804 |
| Crosstex Energy, L.P. | 268,587 | 10,093,500 |
| Crosstex Energy, L.P. ⁽⁴⁾⁽⁵⁾ | 712,760 | 23,278,742 |
| DCP Midstream Partners, L.P. | 23,300 | 861,634 |
| Duncan Energy Partners, L.P. | 451,100 | 10,826,400 |
| Hiland Holdings GP, L.P. | 39,050 | 1,109,020 |
| Hiland Partners, L.P. | 41,048 | 2,226,444 |
| MarkWest Energy Partners, L.P. ⁽²⁾ | 1,040,177 | 67,507,487 |
| Targa Resources Partners, L.P. | 118,900 | 2,865,490 |
| Universal Compression Partners, L.P. | 84,700 | 2,518,131 |
| Williams Partners, L.P. | 310,380 | 13,408,416 |
| Williams Partners, L.P. ⁽⁵⁾ | 142,935 | 5,804,590 |
| Williams Partners, L.P. Class B ³⁾ | 412,457 | 16,391,041 |
| | | <hr/> 195,907,699 <hr/> |

2

| | February 28, 2007 | |
|---|-----------------------------|---------------------------|
| | Shares | Value |
| Shipping 3.9% ¹⁾ | | |
| United States 3.5% ¹⁾ | | |
| K-Sea Transportation Partners, L.P. ⁽²⁾ | 571,300 | \$ 22,566,350 |
| Republic of the Marshall Islands 0.4% ¹⁾ | | |
| Teekay LNG Partners, L.P. | 67,200 | 2,473,632 |
| | | <hr/> 25,039,982 <hr/> |
| Propane Distribution 9.7% ¹⁾ | | |
| Inergy, L.P. | 1,916,784 | 59,477,808 |
| Inergy Holdings, L.P. | 49,715 | 2,065,658 |
| | | <hr/> 61,543,466 <hr/> |
| Total Master Limited Partnerships and Related Companies (Cost \$693,249,572) | | <hr/> 1,117,407,903 <hr/> |
| | Principal Amount | |
| Promissory Note 0.8% ¹⁾ | | |

February 28, 2007

| | | |
|---|---------------|-----------------------|
| Shipping 0.8% ⁽¹⁾ | | |
| E.W. Transportation, LLC Unregistered, 9.28%, Due 3/31/2009 (Cost \$4,922,448) ⁽⁵⁾⁽⁶⁾ | \$ 4,958,505 | 4,922,448 |
| | | |
| | Shares | |
| Short-Term Investments 0.1% ⁽¹⁾ | | |
| Investment Company 0.1% ⁽¹⁾ | | |
| First American Government Obligations Fund Class Y, 5.00% ⁽⁷⁾ (Cost \$420,556) | 420,556 | 420,556 |
| | | |
| Total Investments 176.8% ⁽¹⁾ | | 1,122,750,907 |
| (Cost \$698,592,576) | | (165,000,000) |
| Auction Rate Senior Notes (26.0%) ⁽³⁾ | | |
| Interest Rate Swap Contracts 0.2% ⁽⁴⁾ | | |
| \$345,000,000 notional Unrealized Appreciation, Net | | 1,431,524 |
| Liabilities in Excess of Cash and Other Assets (40.0%) ⁽³⁾ | | (254,138,424) |
| Preferred Shares at Redemption Value (11.0%) ⁽³⁾ | | (70,000,000) |
| | | |
| Total Net Assets Applicable to Common Stockholders 100.0% ⁽¹⁾ | | \$ 635,044,007 |

(1) Calculated as a percentage of net assets applicable to common stockholders.

(2) Affiliated investment; the Company owns 5% or more of the outstanding voting securities of the issuer.

(3) Security distributions are paid in kind. Related company of master limited partnership.

(4) Non-income producing.

(5) Fair valued securities represent a total market value of \$116,304,664 which represents 18.3% of net assets. These securities are deemed to be restricted.

(6) Security is a variable rate instrument. Interest rate is as of February 28, 2007.

(7) Rate indicated is the 7-day effective yield as of February 28, 2007.

3

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 or principal amount, the acquisition date, acquisition cost, value per unit of such securities and percent of net assets which the securities comprise.

| Investment Security | Number of Units or Principal Amount | Acquisition Date | Acquisition Cost | Value Per Unit | Percent of Net Assets |
|------------------------------|--|---------------------|---------------------|-------------------|--------------------------------|
| Crosstex Energy, L.P. | Subordinated Units | 712,760 | 6/29/06 | \$ 20,000,046 | \$32.66 3.7% |
| Energy Transfer Equity, L.P. | Common Units | 729,661 | 11/27/06 | 20,000,008 | 32.35 3.7 |
| E.W. Transportation, LLC | Promissory Note | \$4,958,505 | 5/03/04 | 4,884,128 | N/A 0.8 |
| TC Pipelines, L.P. | Common Units | 1,229,390 | 2/21/07 | 42,500,012 | 34.41 6.6 |
| Williams Partners, L.P. | Common Units | 142,935 | 12/13/06 | 5,229,992 | 40.61 0.9 |
| Williams Partners, L.P. | Class B Common Units | 412,457 | 12/13/06 | 14,770,085 | 39.74 2.6 |

| Investment Security | Number of Units or Principal Amount | Acquisition Date | Acquisition Cost | Value Per Unit | Value as Percent of Net Assets |
|---------------------|--|---------------------|---------------------|-------------------|---|
| | | | | | |
| | | | \$107,384,271 | | 18.3% |

The carrying value per unit of unrestricted common units of Williams Partners, L.P. was \$39.03 on December 1, 2006, the date of the purchase agreement, and \$38.75 on December 13, 2006, the date of acquisition and date an enforceable right to acquire the restricted Williams Partners, L.P. securities was obtained by the Company. The carrying value per unit of unrestricted common units of TC Pipelines, L.P. was \$36.21 on February 20, 2007, the date of the purchase agreement, and \$37.55 on February 21, 2007, the date of acquisition and date an enforceable right to acquire the restricted TC Pipelines, L.P. securities was obtained by the Company.

As of February 28, 2007, the aggregate cost of securities for Federal income tax purposes was \$650,487,340. At February 28, 2007, the aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost was \$472,374,212 and the aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value was \$110,645. The net unrealized appreciation at February 28, 2007 was \$472,263,567.

Investments representing 5 percent or more of the outstanding voting securities of a portfolio company result in that company being considered an affiliated company, as defined in the Investment Company Act of 1940. The aggregate market value of all securities of affiliates held by the Company as of February 28, 2007 amounted to \$109,770,305, representing 17.3 percent of net assets applicable to common stockholders. A summary of affiliated transactions for each company which is or was an affiliate at February 28, 2007 or during the period from December 1, 2006 to February 28, 2007, is as follows:

| | Share Balance 11/30/06 | Gross Addition | Realized Gross Deduction (Loss) | Gross Gain Distributions Received | February 28, 2007 | |
|-------------------------------------|------------------------------|-------------------|--|--|-------------------|---------------|
| | | | | | Share Balance | Value |
| Holly Energy Partners, L.P. | 427,070 | \$ | \$ | \$ 288,272 | 427,070 | \$ 19,696,468 |
| K-Sea Transportation Partners, L.P. | 571,300 | | | 377,058 | 571,300 | 22,566,350 |
| MarkWest Energy Partners, L.P. | 1,016,877 | 1,384,765 | | 1,040,177 | 1,040,177 | 67,507,487 |
| | | \$1,384,765 | \$ | \$ 1,705,507 | | \$109,770,305 |

4

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")) were 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 were no changes 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.

5

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 ENERGY INFRASTRUCTURE CORPORATION

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

Date April 20, 2007

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/ David J. Schulte
David J. Schulte, President and Chief Executive Officer

Date April 20, 2007

By /s/ Terry Matlack
Terry C. Matlack, Chief Financial Officer

Date April 20, 2007

6
