

REAVES UTILITY INCOME FUND
Form N-Q
September 29, 2008

**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)

1290 Broadway, Suite 1100, Denver, Colorado
(Address of principal executive offices)

80203
(Zip code)

JoEllen L. Legg

Reaves Utility Income Fund

1290 Broadway, Suite 1100

Denver, Colorado 80203
(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, 2008

Item 1. Schedule of Investments.

REAVES UTILITY INCOME FUND**STATEMENT of INVESTMENTS**

July 31, 2008 (Unaudited)

	SHARES	VALUE
COMMON STOCKS 134.20%		
Consumer Staples 9.14%		
Altria Group, Inc.	520,300	\$ 10,588,105
Philip Morris International, Inc.	530,300	27,389,995
Reynolds American, Inc.	50,000	2,791,500
UST, Inc.	175,000	9,206,750
		49,976,350
Electric 55.17%		
Ameren Corp.	450,000	18,490,500
Consolidated Edison, Inc.	317,000	12,584,900
Duke Energy Corp.	1,797,400	31,598,292
Exelon Corp.	325,000	25,551,500
Great Plains Energy, Inc.	1,642,869	41,498,871
Integrus Energy Group, Inc.	392,300	20,030,838
ITC Holdings Corp.	62,000	3,231,440
National Grid PLC	525,000	6,951,437
PG&E Corp.	35,000	1,348,550
PPL Corp.	906,000	42,545,761
Progress Energy, Inc.	229,900	9,727,069
Public Service Enterprise Group, Inc.	823,600	34,426,480
TECO Energy, Inc.	2,151,400	39,908,470
TransAlta Corp.	145,000	5,176,500
Xcel Energy, Inc.	420,000	8,425,200
		301,495,808
Energy 2.12%		
ConocoPhillips	15,000	1,224,300
Diamond Offshore Drilling	5,500	656,150
Total S.A.-ADR	18,000	1,376,640
Transocean, Inc.(a)	38,478	5,234,162
XTO Energy, Inc.	65,000	3,069,950
		11,561,202
Financials 1.25%		
Annaly Capital Management, Inc.	340,000	5,123,801
Forestar Real Estate Group LLC(a)	46,666	843,721
Guaranty Financial Group, Inc.(a)	46,666	154,464
Lloyd TSB Group-ADR	30,000	705,000
		6,826,986
Food 2.06%		
Kraft Foods, Inc.	353,160	11,237,551
Gas 17.02%		
Equitable Resources, Inc.	187,000	9,770,750
NiSource, Inc.	330,000	5,636,400
ONEOK, Inc.	654,300	29,757,564
Sempra Energy	334,700	18,796,752
South Jersey Industries, Inc.	35,700	1,331,610
Spectra Energy Corp.	1,020,000	27,713,400
		93,006,476
Industrial 5.85%		

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General Electric Co.	1,130,000	31,967,700
Pharmaceuticals 0.55%		
Pfizer, Inc.	160,000	2,987,200
Telecommunications 11.02%		
America Movil S.A.B de C.V.-ADR	179,000	9,037,710
CommScope, Inc.(a)	100,000	4,459,000
Frontier Communications Corp.	3,716,300	42,960,428
Telefonica S.A.-ADR	48,000	3,735,840
		60,192,978

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Telephone 28.89%		
AT&T Corp.	2,280,965	70,276,531
BCE, Inc.	945,700	35,879,858
BT Group PLC-ADR	70,000	2,318,400
CenturyTel, Inc.	50,000	1,859,500
Embarq Corp.	215,000	9,840,550
Telecom Corp. of New Zealand-ADR	428,492	5,900,335
Verizon Communications	117,500	3,999,700
Vodafone Group PLC-ADR	235,000	6,305,050
Windstream Corp.	1,805,000	21,515,600
		157,895,524

Transportation 0.37%		
General Maritime Corp.	75,000	2,020,500

Water Utility 0.76%		
American Water Works Co., Inc.(a)	215,000	4,138,750

TOTAL COMMON STOCKS (Cost \$621,241,227)		733,307,025
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PREFERRED STOCKS 2.83%		
Consumer Discretionary 0.30%		
Comcast Corp., Sr. Notes, 7.000%, 5/15/55	71,000	1,624,480

Electric 2.19%		
AES Trust III, 6.750%, 10/15/29	133,100	6,335,560
BGE Capital Trust II, 6.200%, 10/15/43	180,000	3,825,000
Entergy Mississippi, Inc., 4.560%,	3,520	288,750
Public Service Co. of New Mexico, Series 1965, 4.580%	11,667	1,058,051
Southern Cal Edison, 4.320%,	24,300	461,700
		11,969,061

Financials 0.34%		
Merrill Lynch & Co., 3.296%, (b)(c)	180,000	1,884,600

TOTAL PREFERRED STOCKS (Cost \$18,194,262)		15,478,141
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LIMITED PARTNERSHIPS 2.44%		
Copano Energy LLC	24,000	752,160
Enbridge Energy Partners LP	70,000	3,481,800
ONEOK Partners LP	132,000	7,145,160
Williams Partners LP	25,000	748,000
Williams Pipeline Partners LP	71,500	1,214,785

TOTAL LIMITED PARTNERSHIPS (Cost \$13,683,856)		13,341,905
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	BOND RATING MOODY/S&P	PRINCIPAL AMOUNT	
CORPORATE BONDS 2.88%			
Electric 0.40%			
Calpine Generating Co., 11.500%, 4/1/11(a)(d)(e)	WR/D	\$ 14,000,000	2,170,000

Gas 0.09%			
Copano Energy LLC, 8.125%, 3/1/16(e)	B2/B+	500,000	490,000

Telephone 2.39%

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Level 3 Financing, Inc., 9.250%, 11/1/14(e)	Caa1/CCC+	8,000,000	7,320,000
US West Communications, 7.500%, 6/15/23	Ba1/BBB-	7,000,000	5,775,000
			13,095,000
TOTAL CORPORATE BONDS			
(Cost \$15,108,375)			15,755,000

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	SHARES	
MUTUAL FUNDS 0.76%		
Loomis Sayles Institutional High Income Fund	548,386	4,173,217
TOTAL MUTUAL FUNDS (Cost \$4,000,000)		4,173,217
	PRINCIPAL AMOUNT	
SHORT TERM INVESTMENTS 0.17%		
Goldman Sachs Financial Square Funds Treasury Instruments Fund (2.09% 7 day yield)	\$ 933,028	933,028
TOTAL SHORT TERM INVESTMENTS (Cost \$933,028)		933,028
Total Investments (Cost \$673,160,748) - 143.28%		782,988,316
Other Assets in Excess of Liabilities- 0.66%		3,586,179
Liquidation Preference of Auction Market Preferred Shares - (43.94%) Series M7, F7, W28 (including dividends payable on preferred shares)		(240,122,844)
TOTAL NET ASSETS - 100.00%	\$	546,451,651

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- (a) Non Income Producing Security.
 - (b) Floating or variable rate security - rate disclosed as of July 31, 2008.
 - (c) Next reset date 8/28/08.
 - (d) Issue is currently in default. See Quarterly Notes to Statement of Investments.
 - (e) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At July 31, 2008, these securities amount to a value of \$9,980,000 or 1.83% of net assets.

ADR American Depositary Receipt

Ratings:

Moody's and S&P's ratings are believed to be the most recent as of July 31, 2008.

Income Tax Information:

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

As of July 31, 2008

Gross appreciation (excess of value over tax cost)	\$	158,776,906
Gross depreciation (excess of tax cost over value)		(47,928,569)
Net unrealized appreciation	\$	110,848,337
Cost of investments for income tax purposes	\$	672,139,979

See Notes to Quarterly Statement of Investments.

NOTES TO QUARTERLY STATEMENT OF INVESTMENTS

JULY 31, 2008 (Unaudited)

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. 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 more 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 w