

TORTOISE POWER & ENERGY INFRASTRUCTURE FUND INC
Form N-2/A
June 23, 2009

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Investment Company Act Registration No. 811-22106

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form N-2

R REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF
1933
R PRE-EFFECTIVE AMENDMENT NO. 3
£ POST-EFFECTIVE AMENDMENT NO.
and/or
R REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY
ACT OF 1940
R AMENDMENT NO. 3

Tortoise Power and Energy Infrastructure Fund, Inc.

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Approximate Date of Proposed Public Offering: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this form will be offered on a delayed or continuous basis in reliance on Rule 415 under the Securities Act of 1933, other than securities offered in connection with a dividend reinvestment plan, check the following box.

It is proposed that this filing will become effective (check appropriate box):

when declared effective pursuant to Section 8(c).

CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933

Title of Securities Being Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Share(1)	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee
Common Stock	200,000	\$20.00	\$5,000,000	\$153.50(2)

(1) Estimated solely for the purpose of calculating the registration fee.

(2) Previously paid.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such dates as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED _____, 2009

PRELIMINARY PROSPECTUS

Common Shares
Tortoise Power and Energy Infrastructure Fund, Inc.
\$20.00 per share

The Fund. Tortoise Power and Energy Infrastructure Fund, Inc. (the “Fund,” “we,” “us” or “our”) is a Maryland corporation registered as a non-diversified, closed-end management investment company under the Investment Company Act of 1940 (the “1940 Act”). We intend to elect to be treated and to qualify as a regulated investment company under the Internal Revenue Code of 1986, as amended (the “Code”). We will be managed by Tortoise Capital Advisors, L.L.C. (the “Advisor”), an investment adviser specializing in managing portfolios of securities of master limited partnerships and other energy companies. As of May 31, 2009, our Advisor managed investments of approximately \$2.0 billion.

Investment Objectives. Our primary investment objective is to provide a high level of current income, with a secondary objective of capital appreciation. There can be no assurance that we will achieve our investment objectives.

Investment Strategy. We seek to provide stockholders a vehicle to invest in a portfolio consisting primarily of securities issued by power and energy infrastructure companies. The securities in which we will invest include income-producing fixed income and equity securities. Under normal circumstances, we plan to invest at least 80% of our total assets (including any assets obtained through leverage) in securities of companies that derive more than 50% of their revenue from power or energy infrastructure operations. Power infrastructure operations use asset systems to provide electric power generation (including renewable energy), transmission and distribution. Energy infrastructure operations use a network of pipeline assets to transport, store, gather and/or process crude oil, refined petroleum products (including biodiesel and ethanol), natural gas or natural gas liquids. We will not invest more than 15% of our total assets in restricted securities, all of which may be illiquid securities, with certain exceptions as described more fully herein.

We seek to invest in a portfolio of companies focused solely on the power and energy infrastructure sectors. We believe this sector provides stable and defensive characteristics throughout economic cycles. We anticipate that a significant portion of our portfolio will initially include investment grade fixed income securities, as well as dividend-paying equity securities.

No Prior Trading History. Prior to this offering, there has been no public or private market for our common shares. Shares of closed-end management investment companies frequently trade at prices lower than their net asset value (often referred to as a “discount”), which may increase investor risk of loss. The risk of loss due to this discount may be greater for initial investors expecting to sell their shares in a relatively short period after completion of this

initial public offering.
 (continued on following page)

Our strategy of investing primarily in securities issued by power or energy infrastructure companies, a portion of which may be restricted securities as described more fully herein, involves a high degree of risk. You could lose some or all of your investment. An investment in this fund may be considered speculative. See "Risks" beginning on page of this prospectus. You should consider carefully these risks together with all of the other information contained in this prospectus before making a decision to purchase our common shares.

	Per Share	Total(1)
P u b l i c O f f e r i n g	\$ 20.00	\$
Price		
S a l e s	\$	\$
Load(2)		
P r o c e e d s , b e f o r e e x p e n s e s , t o t h e	\$	\$
Fund(3)		

(1)The underwriters named in this prospectus have the option to purchase up to additional common shares at the public offering price, less the sales load, within 45 days from the date of this prospectus to cover over-allotments. If the over-allotment option is exercised in full, the public offering price, sales load and proceeds, before expenses, to us will be , , and , respectively.

(2)The Advisor (not the Fund) has agreed to pay from its own assets a structuring fee to Wachovia Capital Markets, LLC. See "Underwriting."

(3) In addition to the sales load, the Fund will pay offering costs estimated at approximately \$ _____, which represents approximately \$ _____ per share.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the common shares to purchasers on or about _____, 2009.

Wells Fargo

The date of this prospectus is _____, 2009

(continued from preceding page)

Exchange Listing. Our common shares are expected to be listed on the New York Stock Exchange under the trading or "ticker" symbol "TPZ."

Leverage. We may incur leverage to the extent permitted by the 1940 Act. Under normal market conditions, we will not employ leverage above 20% of our total assets at time of incurrence. We anticipate that such leverage may initially include, although not be limited to, revolving credit facilities or senior notes. We may also issue preferred shares, however, we will not utilize leverage in the form of what historically has been known as auction rate preferred securities.

Leverage creates an opportunity for increased income and capital appreciation for common stockholders, but, at the same time, it gives rise to special risks that may adversely affect common stockholders. If we utilize leverage, the common shares sold in this offering will be junior in liquidation and distribution rights to senior securities, such as preferred shares or debt securities, that we may issue. Because our Advisor's fee is based on total assets (including any assets acquired with the proceeds of leverage), our Advisor's fee will be higher if we utilize leverage. There can be no assurance that a leveraged strategy will be successful during any period in which it is used. See "Leverage" and "Risks – Risks Related to Our Operation – Leverage Risk."

Our common shares do not represent a deposit or obligation of, and are not guaranteed or endorsed by, any bank or other insured depository institution and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency.

This prospectus sets forth information about us that a prospective investor should know before investing. You should read this prospectus and retain it for future reference. A Statement of Additional Information, dated _____, 2009, containing additional information about us, has been filed with the Securities and Exchange Commission and is incorporated by reference in its entirety into this prospectus. You may request a free copy of the Statement of Additional Information, the table of contents of which is on page ___ of this prospectus, by calling toll-free 1-866-362-9331 or by writing to us at 11550 Ash Street, Suite 300, Leawood, Kansas 66211. You can also obtain a copy of our Statement of Additional Information and our future annual and semi-annual reports to stockholders on our Advisor's website (<http://www.tortoiseadvisors.com>). Information included on our Advisor's website is not incorporated into this prospectus. You can review and copy documents we have filed at the SEC's Public Reference Room in Washington, D.C. Call 1-202-551-5850 for information. The SEC charges a fee for copies. You can obtain the same information free from the SEC's website (<http://www.sec.gov>) on which you may view our Statement of Additional Information, all materials incorporated by reference, and other information about us. You may also e-mail requests for these documents to publicinfo@sec.gov or make a request in writing to the SEC's Public Reference Section, 100 F Street N.E., Room 1580, Washington, D.C. 20549.

Our common shares do not represent a deposit or obligation of, and are not guaranteed or endorsed by, any bank or other insured depository institution and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency.

TABLE OF CONTENTS

<u>Prospectus Summary</u>	<u>1</u>
<u>The Offering</u>	<u>7</u>
<u>Forward-Looking Statements</u>	<u>22</u>
<u>Summary Of Fund Expenses</u>	<u>23</u>
<u>Use Of Proceeds</u>	<u>25</u>
<u>The Fund</u>	<u>26</u>
<u>Leverage</u>	<u>34</u>
<u>Management Of The Fund</u>	<u>36</u>
<u>Risks</u>	<u>49</u>
<u>Net Asset Value</u>	<u>62</u>
<u>Distributions</u>	<u>64</u>
<u>Dividend Reinvestment Plan</u>	<u>65</u>
<u>Description Of Capital Stock</u>	<u>67</u>
<u>Certain Provisions Of Our Charter And Bylaws And The Maryland General Corporation Law</u>	<u>70</u>
<u>Certain U.S. Federal Income Tax Considerations</u>	<u>74</u>
<u>Closed-End Fund Structure</u>	<u>77</u>
<u>Underwriting</u>	<u>78</u>
<u>Independent Registered Public Accounting Firm</u>	<u>80</u>
<u>Administrator, Custodian, Transfer And Dividend Paying Agent And Registrar</u>	<u>80</u>
<u>Legal Matters</u>	<u>80</u>
<u>Table Of Contents Of The Statement Of Additional Information</u>	<u>81</u>

You should rely only on the information contained or incorporated by reference in this prospectus. The Fund has not, and the underwriters have not, authorized any other person to provide you with any different information. If anyone provides you with different or inconsistent information, you should not rely on it. The Fund is not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date of this prospectus. The Fund's business, financial condition and prospects may have changed since that date. The Fund will amend or supplement this prospectus to reflect material changes to the information contained in this prospectus to the extent required by applicable law.

Until _____, 2009 (25 days after the date of this prospectus) all dealers that buy, sell or trade our common shares, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to each dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to its unsold allotments or subscriptions.

Table of Contents

PROSPECTUS SUMMARY

This section is only a summary. It is not complete and may not contain all of the information you may want to consider before investing in our common shares. You should review the more detailed information contained in this prospectus, including under the heading "Risks" beginning on page . Unless indicated otherwise in this prospectus or the context requires otherwise, all references in this prospectus to the "Fund," "we," "our" or "us" are to Tortoise Power and Energy Infrastructure Fund, Inc.

The Fund

We are a Maryland corporation registered as a non-diversified, closed-end management investment company under the 1940 Act. We intend to elect to be treated and to qualify as a regulated investment company ("RIC") under the Internal Revenue Code of 1986, as amended (the "Code").

Investment Objectives

Our primary investment objective is to provide a high level of current income, with a secondary objective of capital appreciation. There can be no assurance that we will achieve our investment objectives.

Our Advisor

We will be managed by Tortoise Capital Advisors, L.L.C., an investment adviser specializing in managing portfolios of securities of master limited partnerships ("MLPs") and other energy companies. As of May 31, 2009, our Advisor managed investments of approximately \$2.0 billion in the energy sector, including the assets of four publicly traded closed-end management investment companies. Each of our Advisor's investment decisions will be reviewed and approved for us by its investment committee of five managing directors. The managing directors have an average of over 23 years of investment experience and three of the five managing directors have significant experience in managing portfolios of fixed income securities that include the securities of issuers in the power and energy infrastructure sectors.

Investment Strategy

We seek to provide stockholders a vehicle to invest in a portfolio consisting primarily of securities issued by power and energy infrastructure companies. The securities in which we will invest include income-producing fixed income and equity securities. Under normal circumstances, we plan to invest at least 80% of our total assets (including any assets obtained through leverage) in securities of companies that derive more than 50% of their revenue from power or energy infrastructure operations. We define power and energy infrastructure operations as follows:

- Power Infrastructure – The ownership and operation of asset systems that provide electric power generation (including renewable energy), transmission and distribution.
- Energy Infrastructure – The ownership and operation of a network of pipeline assets to transport, store, gather and/or process crude oil, refined petroleum products (including biodiesel and ethanol), natural gas or natural gas liquids.

Market Opportunity

We seek to invest in a portfolio of companies focused solely on the power and energy infrastructure sectors and that provide stable and defensive characteristics throughout economic cycles. We believe that the current market conditions provide a favorable entry point for our strategy, with yield spreads above historical averages. Over time, we will seek to capitalize on relative value opportunities, with the ability to invest across the capital structure while minimizing risk.

We will focus on minimizing risk and volatility using our Advisor's disciplined investment screening process, including proprietary risk and financial analysis. We anticipate that a significant portion of our portfolio will initially include investment grade fixed income securities, as well as dividend-paying equity securities. We intend to build a portfolio with companies that generally (i) have assets in diverse geographic locations across the U.S., (ii) transport, process, or distribute diverse energy products, or (iii) serve different end users. Among other things, under normal market conditions, our non-fundamental policies (i) limit our

Table of Contents

investment in non-investment grade fixed income securities to no more than 25% of our total assets, (ii) limit our ability to incur leverage so that our leverage is not in excess of 20% of our total assets at time of incurrence, and (iii) require that we maintain at least 60% of our total assets in fixed income securities.

Targeted Investment Characteristics

Our investment strategy will be anchored in our Advisor's fundamental principles of yield, quality and growth. We anticipate that our targeted investments will generally have the following characteristics:

- Essential Infrastructure Assets – Companies that operate critical tangible assets that connect sources of energy supply to areas of energy demand. These businesses are essential to economic productivity and experience relatively inelastic demand.
- High Current Yield – Companies that generate a current cash return at the time of investment. We do not intend to invest in start-up companies or companies with speculative business plans.
- Predictable Revenues – Companies with stable and predictable revenue streams, often linked to areas experiencing demographic growth and with low commodity price risk.
- Stable Cost Structures – Companies with relatively low maintenance expenditures and economies of scale due to operating leverage.
- High Barriers to Entry – Companies with operating assets that are difficult to replicate due to regulation, natural monopolies, availability of land or high costs of new development.
 - Long-Lived Assets – Companies that operate tangible assets with long economic useful lives.
- Experienced, Operations-Focused Management Teams – Companies with management teams possessing successful track records and who have substantial knowledge, experience, and focus in their particular segments of the power and energy infrastructure sectors.

Power and Energy Infrastructure Investment

We believe that power and energy infrastructure companies will provide attractive investment opportunities for the following reasons:

The International Energy Administration ("IEA") projects that North American energy and electricity consumption will increase annually by 0.6% and 1.1%, respectively, from 2006 through 2030. This increase results in an overall energy and electricity consumption increase of approximately 15% and 30%, respectively, by 2030.

The power and energy infrastructure sectors have a growing need for capital to update and expand infrastructure assets. In particular, these companies need capital to facilitate the construction of additional infrastructure assets, to modernize or maintain existing infrastructure assets, and to finance industry consolidation. Power infrastructure investment has fallen short of demand growth for nearly 30 years, leading to inadequate capacity. The U.S. Department of Energy ("DOE") estimates that 70% of transmission lines and power transformers and 60% of circuit breakers are over 25 years old, which we understand to be well into their useful lives. Companies in the energy

infrastructure sector expect to construct over 5,000 miles of natural gas pipelines and 2,000 miles of crude oil pipelines to support new sources of energy supply as well as replace and/or maintain existing infrastructure. The Federal Energy Regulatory Commission ("FERC") has created incentives to spur investment in power and energy infrastructure assets.

The IEA estimates that \$3.4 trillion will need to be invested in such power and energy infrastructure internal growth projects from 2007 to 2030 in North America. We expect such spending to finance upgrades and expansion of electric power infrastructure; pipeline infrastructure projects to support growing population centers; pipeline and storage terminal projects to increase the movement of crude oil across North America; and natural gas projects to develop infrastructure that efficiently connects new areas of supply to growing areas of demand. This investment should help alleviate congestion, upgrade or replace aged infrastructure and

Table of Contents

meet growing North American demand.

Experience of the Advisor

- **Experience Across Power and Energy Infrastructure Value Chain.** Our Advisor has significant expertise working with energy infrastructure companies and managed investments of approximately \$2.0 billion in the energy sector as of May 31, 2009. The five members of our Advisor's investment committee have, on average, over 23 years of investment experience. In addition to their experience at the Advisor, three of the five members of our Advisor's investment committee came from Fountain Capital Management ("Fountain Capital") and have significant experience in managing portfolios of fixed income securities that included the securities of issuers in the power and energy infrastructure sectors. Fountain Capital was formed in 1990 and focuses primarily on providing investment advisory services to institutional investors in the non-investment grade rated fixed income market. The Advisor's philosophy places extensive focus on quality through proprietary models, including risk, valuation and financial models.
- **Strong Reputation, Deep Relationships and Access to Deal Flow.** Our Advisor has developed a strong reputation and deep relationships with issuers, underwriters and sponsors that we believe will afford us competitive advantages in evaluating, and managing investment opportunities. Our Advisor, a pioneer in institutional direct placements with MLPs and other energy infrastructure companies, has participated in over 90 direct placements, private company investments and initial public offerings in which it has invested over \$1.3 billion since 2002 through its publicly traded funds and other specialty vehicles.
- **Capital Markets Innovation.** Our Advisor is a leader in providing investment, financing and structuring opportunities for its publicly traded funds and for its private funds. Our Advisor believes its innovation includes the following highlights:

- oFirst publicly traded, closed-end management investment company focused primarily on investing in energy MLPs;
- oLed development of institutional MLP direct placements to fund acquisitions, capital projects and sponsor liquidity;
- oCompleted the first follow-on common stock offering in a decade for a closed-end, management investment company; and
- oEstablished one of the first registered closed-end fund universal shelf registration statements and completed the first registered direct offering from a universal shelf registration statement for a closed-end fund.

These highlights should not be read as indications of our future performance, including whether our common shares will trade above, at or below our net asset value ("NAV").

- **Disciplined Investment Philosophy.** Our Advisor's senior investment professionals have substantial experience in structuring investments that balance the needs of power and energy infrastructure companies with appropriate risk control. In making its investment decisions, our Advisor intends to continue the disciplined investment approach that it has utilized since its founding. That investment approach will emphasize current income, low volatility and minimization of downside risk. Our Advisor's investment process involves an assessment of the overall attractiveness of the specific segment in which a power or energy infrastructure company is involved, the company's specific competitive position within that segment, potential commodity price risk, supply and demand, regulatory considerations, the stability and potential growth of the company's cash flows, and the company's management track record.