

WELLS FARGO UTILITIES & HIGH INCOME FUND
Form N-Q
January 26, 2017

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: 811-21507

Wells Fargo Utilities and High Income Fund
(Exact name of registrant as specified in charter)

525 Market Street, 12th Floor, San Francisco, CA 94105
(Address of principal executive offices) (Zip code)

C. David Messman

Wells Fargo Funds Management, LLC

525 Market Street, 12th Floor, San Francisco, CA 94105

(Name and address of agent for service)

Registrant's telephone number, including area code: 800-222-8222

Date of fiscal year end: August 31

Registrant is making a filing for Wells Fargo Utilities and High Income Fund.

Date of reporting period: November 30, 2016

ITEM 1. INVESTMENTS

Wells Fargo Utilities and High Income Fund

Portfolio of investments November 30,
2016 (unaudited)

Security name	Shares	Value
Common Stocks : 65.31%		
Energy : 2.81%		
Oil, Gas & Consumable Fuels : 2.81%		
Spectra Energy Corporation	75,000	\$ 3,071,250
Swift Energy Company (i)	1,214	37,209
		3,108,459
Telecommunication Services : 10.42%		
Diversified Telecommunication Services : 8.13%		
CenturyLink Incorporated	106	2,493
Chunghwa Telecom Company Limited ADR	120,000	4,002,000
Orange SA	200,000	2,915,647
Verizon Communications Incorporated	41,291	2,060,421
		8,980,561
Wireless Telecommunication Services : 2.29%		
Shenandoah Telecommunications Company	90,000	2,524,500
Utilities : 52.08%		
Electric Utilities : 39.53%		
Alliant Energy Corporation	8,000	287,360
American Electric Power Company Incorporated	70,000	4,133,500
Chesapeake Utilities Corporation	300	19,440
Duke Energy Corporation	30,514	2,251,018
Edison International	60,000	4,126,200
Endesa SA	180,000	3,721,026
Enel SpA	1,225,000	4,951,741
Entergy Corporation	1,000	68,730
Eversource Energy	90,000	4,645,800
Exelon Corporation	16,000	520,160
Great Plains Energy Incorporated	100,000	2,639,000
IDACORP Incorporated	25,000	1,903,750
NextEra Energy Incorporated	35,000	3,998,050
PNM Resources Incorporated	75,000	2,370,000
Red Electrica Corporacion SA	240,000	4,273,314
Spark Energy Incorporated Class A	36,700	935,850
Terna SpA	650,000	2,818,988
		43,663,927
Gas Utilities : 3.93%		
Enagas SA	175,000	4,312,264
New Jersey Resources Corporation	400	13,780
South Jersey Industries Incorporated	400	13,200

4,339,244

Multi-Utilities : 5.34%

<i>CenterPoint Energy Incorporated</i>	50,000	1,193,000
<i>Dominion Resources Incorporated</i>	300	21,987
<i>Hera SpA</i>	300,000	621,602
<i>MDU Resources Group Incorporated</i>	500	13,910
<i>Public Service Enterprise Group Incorporated</i>	50,000	2,065,500
<i>Sempra Energy</i>	19,900	1,986,020
		5,902,019

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<i>AMC Entertainment Holdings Incorporated 144A</i>	5.88	11-15-2026	75,000	75,563
<i>Cablevision Systems Corporation</i>	8.63	9-15-2017	145,000	150,800
<i>CBS Radio Incorporated 144A</i>	7.25	11-1-2024	5,000	5,253
<i>CCO Holdings LLC</i>	5.13	2-15-2023	50,000	51,375
<i>CCO Holdings LLC 144A</i>	5.13	5-1-2023	135,000	138,375
<i>CCO Holdings LLC</i>	5.25	9-30-2022	90,000	93,375
<i>CCO Holdings LLC 144A</i>	5.38	5-1-2025	335,000	340,444
<i>CCO Holdings LLC 144A</i>	5.50	5-1-2026	5,000	5,050
<i>CCO Holdings LLC 144A</i>	5.75	2-15-2026	275,000	282,563
<i>CCO Holdings LLC 144A</i>	5.88	4-1-2024	125,000	132,344
<i>CCO Holdings LLC</i>	6.63	1-31-2022	50,000	51,938
<i>Cequel Communications Holdings I LLC 144A</i>	7.75	7-15-2025	100,000	107,000
<i>CSC Holdings LLC</i>	7.88	2-15-2018	75,000	78,750
<i>CSC Holdings LLC</i>	8.63	2-15-2019	125,000	137,813
<i>EMI Music Publishing 144A</i>	7.63	6-15-2024	50,000	53,500

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<i>US Foods Incorporated 144A</i>	5.88	6-15-2024	30,000	30,750 445,471
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Household Products : 0.02%

<i>Central Garden & Pet Company</i>	6.13	11-15-2023	20,000	20,850
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Energy : 7.69%

Energy Equipment & Services : 2.48%

<i>Bristow Group Incorporated</i>	6.25	10-15-2022	400,000	312,000
<i>Cleaver Brooks Incorporated 144A</i>	8.75	12-15-2019	40,000	41,250
<i>Era Group Incorporated</i>	7.75	12-15-2022	219,000	190,530
<i>Hilcorp Energy Company 144A</i>	5.00	12-1-2024	150,000	151,500
<i>Hilcorp Energy Company 144A</i>	5.75	10-1-2025	150,000	152,250
<i>Holly Energy Partners LP 144A</i>	6.00	8-1-2024	50,000	52,000
<i>Hornbeck Offshore Services Incorporated</i>	1.50	9-1-2019	175,000	102,813

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<i>Sabine Pass Liquefaction LLC</i>	6.25	3-15-2022	200,000	215,500
<i>SemGroup Corporation</i>	7.50	6-15-2021	275,000	280,500
<i>Southwestern Energy Company</i>	4.10	3-15-2022	75,000	69,000
<i>Southwestern Energy Company</i>	6.70	1-23-2025	125,000	123,750
<i>Swift Energy Company (a)(i)(s)</i>	7.13	6-1-2017	422,000	0
<i>Swift Energy Company (a)(i)(s)</i>	8.88	1-15-2020	75,000	0
<i>Tallgrass Energy Partners LP 144A</i>	5.50	9-15-2024	450,000	445,500
<i>Tesoro Logistics LP %%</i>	5.25	1-15-2025	50,000	50,688
<i>Tesoro Logistics LP</i>	6.13	10-15-2021	25,000	26,156
<i>Tesoro Logistics LP</i>	6.38	5-1-2024	25,000	26,938
<i>Ultra Petroleum Corporation 144A(s)</i>	5.75	12-15-2018	35,000	33,491
<i>Western Gas Partners LP</i>	5.38	6-1-2021	25,000	26,677
				5,756,231

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<i>DaVita HealthCare Partners Incorporated</i>	5.00	5-1-2025	35,000	34,125
<i>DaVita HealthCare Partners Incorporated</i>	5.75	8-15-2022	170,000	176,375
<i>HCA Incorporated</i>	5.88	3-15-2022	25,000	26,844
<i>HCA Incorporated</i>	6.50	2-15-2020	325,000	353,844
<i>HealthSouth Corporation</i>	5.75	9-15-2025	75,000	74,891
<i>Mednax Incorporated 144A</i>	5.25	12-1-2023	50,000	50,750
<i>Molina Healthcare Incorporated</i>	5.38	11-15-2022	25,000	25,031
<i>MPH Acquisition Holdings LLC 144A</i>	7.13	6-1-2024	100,000	105,125
<i>MPT Operating Partnership LP</i>	5.25	8-1-2026	100,000	93,750
<i>MPT Operating Partnership LP</i>	6.38	2-15-2022	125,000	128,281
<i>MPT Operating Partnership LP</i>	6.38	3-1-2024	10,000	10,250
<i>Select Medical Corporation</i>	6.38	6-1-2021	315,000	302,202
<i>Team Health Incorporated 144A</i>	7.25	12-15-2023	200,000	225,252
<i>Tenet Healthcare Corporation</i>	6.00	10-1-2020	50,000	50,844

Information Technology : 2.89%**Communications Equipment : 0.09%**

<i>CommScope Technologies Finance LLC 144A</i>	6.00	6-15-2025	100,000	104,125
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Electronic Equipment, Instruments & Components : 0.74%

<i>Jabil Circuit Incorporated</i>	8.25	3-15-2018	620,000	666,407
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<i>Zebra Technologies Corporation</i>	7.25	10-15-2022	135,000	145,981
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812,388

Internet Software & Services : 0.14%

<i>Infor Software Parent LLC</i>	6.50	5-15-2022	50,000	51,500
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<i>Infor Software Parent LLC (PIK at 7.88%) 144A</i>	7.13	5-1-2021	75,000	75,188
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<i>Crown Cork & Seal Company Incorporated</i>	7.38	12-15-2026	5,000	5,663
<i>Crown Cork & Seal Company Incorporated (i)</i>	7.50	12-15-2096	50,000	51,063
<i>Owens-Brockway Glass Container Incorporated 144A</i>	5.88	8-15-2023	50,000	52,250
<i>Owens-Illinois Incorporated 144A</i>	5.38	1-15-2025	50,000	50,188
<i>Owens-Illinois Incorporated 144A</i>	6.38	8-15-2025	250,000	264,063
<i>Owens-Illinois Incorporated</i>	7.80	5-15-2018	60,000	64,200
<i>Sealed Air Corporation 144A</i>	5.13	12-1-2024	75,000	76,125
<i>Silgan Holdings Incorporated</i>	5.00	4-1-2020	25,000	25,438
				723,368

Metals & Mining : 0.02%

<i>Kaiser Aluminum Corporation</i>	5.88	5-15-2024	25,000	25,813
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<i>Sprint Communications Incorporated 144A</i>	9.00	11-15-2018	25,000	27,438
<i>Syniverse Holdings Incorporated</i>	9.13	1-15-2019	350,000	252,875
<i>T-Mobile USA Incorporated</i>	6.00	3-1-2023	25,000	26,188
<i>T-Mobile USA Incorporated</i>	6.13	1-15-2022	25,000	26,180
<i>T-Mobile USA Incorporated</i>	6.25	4-1-2021	30,000	31,275
<i>T-Mobile USA Incorporated</i>	6.38	3-1-2025	145,000	154,969
<i>T-Mobile USA Incorporated</i>	6.46	4-28-2019	10,000	10,163
<i>T-Mobile USA Incorporated</i>	6.50	1-15-2024	5,000	5,342
<i>T-Mobile USA Incorporated</i>	6.50	1-15-2026	25,000	27,000
<i>T-Mobile USA Incorporated</i>	6.54	4-28-2020	10,000	10,322
<i>T-Mobile USA Incorporated</i>	6.63	4-1-2023	35,000	37,089
<i>T-Mobile USA Incorporated</i>	6.63	4-28-2021	75,000	78,281
<i>T-Mobile USA Incorporated</i>	6.73	4-28-2022	375,000	391,819
<i>T-Mobile USA Incorporated</i>	6.84	4-28-2023	75,000	79,594
				2,013,933

125,115

Information Technology : 0.39%**Internet Software & Services : 0.36%**

<i>Ancestry.com Incorporated ±</i>	5.25	10-19-2023	225,000	225,376
<i>Ancestry.com Incorporated ±</i>	9.25	10-11-2024	175,000	176,458
				401,834

Technology Hardware, Storage & Peripherals : 0.03%

<i>Peak 10 Incorporated ±(i)</i>	8.25	6-17-2022	30,000	28,275
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<i>Enscopl</i>	5.75	10-1-2044	\$ 275,000	180,125
Oil, Gas & Consumable Fuels : 0.66%				
<i>Baytex Energy Corporation 144A</i>	5.13	6-1-2021	175,000	150,938
<i>Baytex Energy Corporation 144A</i>	5.63	6-1-2024	100,000	83,750
<i>Griffin Coal Mining Company Limited 144A(a)(i)(s)</i>	9.50	12-1-2016	93,118	372
<i>Teekay Corporation</i>	8.50	1-15-2020	535,000	490,863
				725,923
Financials : 0.03%				
Banks : 0.03%				
<i>Nielsen Holding and Finance BV 144A</i>	5.50	10-1-2021	30,000	31,200

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<i>Virgin Media Finance plc 144A</i>	5.38	4-15-2021	9,000	9,281
<i>Virgin Media Finance plc 144A</i>	6.38	4-15-2023	25,000	25,547
				761,972

Wireless Telecommunication Services : 0.04%

<i>Telesat Canada Incorporated 144A</i>	6.00	5-15-2017	50,000	50,063
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Total Yankee Corporate Bonds and Notes (Cost \$3,823,299)				3,003,145
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Short-Term Investments : 4.71%

	Yield		Shares	
Investment Companies : 4.71%				
<i>Wells Fargo Government Money Market Fund</i>				
<i>Select Class (l)(u)##</i>	0.31		5,204,367	5,204,367
Total Short-Term Investments (Cost \$5,204,367)				5,204,367

Portfolio of investments November 30, 2016 (unaudited)

Wells Fargo Utilities and High Income Fund

		Value
Total investments in securities (Cost \$121,401,119)*	120.83%	133,464,001
<i>Other assets and liabilities, net</i>	(20.83)	(23,006,980)
Total net assets	100.00%	\$ 110,457,021

Non-income-earning security

(i) *Illiquid security*

144A *The security may be resold in transactions exempt from registration, normally to qualified institutional buyers, pursuant to Rule 144A under the Securities Act of 1933.*

¥ *A payment-in-kind (PIK) security is a security in which the issuer may make interest or dividend payments in cash or additional securities. These additional securities generally have the same terms as the original holdings.*

(s) *The security is currently in default with regards to scheduled interest and/or principal payments. The Fund has stopped accruing interest on the security.*

(a) *The security is fair valued in accordance with procedures approved by the Board of Trustees.*

%% *The security is issued on a when-issued basis.*

± *Variable rate investment. The rate shown is the rate in effect at period end.*

(l) *The issuer of the security is an affiliated person of the Fund as defined in the Investment Company Act of 1940.*

(u) *The rate represents the 7-day annualized yield at period end.*

All or a portion of this security is segregated for when-issued securities.

* *Cost for federal income tax purposes is \$121,887,679 and unrealized gains (losses) consists of:*

<i>Gross unrealized gains</i>	\$ 20,230,428
<i>Gross unrealized losses</i>	(8,654,106)
<i>Net unrealized gains</i>	\$ 11,576,322

Abbreviations:

<i>ADR</i>	<i>American depositary receipt</i>
<i>LLC</i>	<i>Limited liability company</i>
<i>LP</i>	<i>Limited partnership</i>
<i>plc</i>	<i>Public limited company</i>
<i>SBA</i>	<i>Small Business Authority</i>
<i>REIT</i>	<i>Real estate investment trust</i>

Wells Fargo Utilities and High Income Fund (the Fund)

Notes to Portfolio of investments November 30, 2016 (unaudited)

Securities valuation

All investments are valued each business day as of the close of regular trading on the New York Stock Exchange (generally 4 p.m. Eastern Time), although the Fund may deviate from this calculation time under unusual or unexpected circumstances.

Equity securities that are listed on a foreign or domestic exchange or market are valued at the official closing price or, if none, the last sales price. If no sale occurs on the principal exchange or market that day, the prior day's price will be deemed stale and a fair value price will be determined in accordance with the Fund's Valuation Procedures.

The values of securities denominated in foreign currencies are translated into U.S. dollars at rates provided by an independent foreign currency pricing source at a time each business day specified by the Management Valuation Team of Wells Fargo Funds Management, LLC (Funds Management).

Many securities markets and exchanges outside the U.S. close prior to the close of the New York Stock Exchange and therefore may not fully reflect trading or events that occur after the close of the principal exchange in which the foreign securities are traded, but before the close of the New York Stock Exchange. If such trading or events are expected to materially affect the value of such securities, then fair value pricing procedures approved by the Board of Trustees of the Fund are applied. These procedures take into account multiple factors including movements in U.S. securities markets after foreign exchanges close. Foreign securities that are fair valued under these procedures are categorized as Level 2 and the application of these procedures may result in transfers between Level 1 and Level 2. Depending on market activity, such fair valuations may be frequent. Such fair value pricing may result in net asset values that are higher or lower than net asset values based on the last reported sales price or latest quoted bid price. On November 30, 2016, such fair value pricing was not used in pricing foreign securities.

Debt securities are valued at the evaluated bid price provided by an independent pricing service or, if a reliable price is not available, the quoted bid price from an independent broker-dealer.

Investments in registered open-end investment companies are valued at net asset value.

Investments which are not valued using any of the methods discussed above are valued at their fair value, as determined in good faith by the Board of Trustees. The Board of Trustees has established a Valuation Committee comprised of the Trustees and has delegated to it the authority to take any actions regarding the valuation of portfolio securities that the Valuation Committee deems necessary or appropriate, including determining the fair value of portfolio securities, unless the determination has been delegated to the Management Valuation Team. The Board of Trustees retains the authority to make or ratify any valuation decisions or approve any changes to the Valuation Procedures as it deems appropriate. On a quarterly basis, the Board of Trustees receives reports on any valuation actions taken by the Valuation Committee or the Management Valuation Team which may include items for ratification.

Valuations of fair valued securities are compared to the next actual sales price when available, or other appropriate market values, to assess the continued appropriateness of the fair valuation methodologies used. These securities are fair valued on a day-to-day basis, taking into consideration changes to appropriate market information and any significant changes to the inputs considered in the valuation process until there is a readily available price provided on

an exchange or by an independent pricing service. Valuations received from an independent pricing service or independent broker-dealer quotes are periodically validated by comparisons to most recent trades and valuations provided by other independent pricing services in addition to the review of prices by the adviser and/or subadviser. Unobservable inputs used in determining fair valuations are identified based on the type of security, taking into consideration factors utilized by market participants in valuing the investment, knowledge about the issuer and the current market environment.

Foreign currency translation

The accounting records of the Fund are maintained in U.S. dollars. The values of other assets and liabilities denominated in foreign currencies are translated into U.S. dollars at rates provided by an independent foreign currency pricing source at a time each business day specified by the Management Valuation Team. Purchases and sales of securities, and income and expenses are converted at the rate of exchange on the respective dates of such transactions. Net realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions, and the difference between the amounts of dividends, interest and foreign withholding taxes recorded and the U.S. dollar equivalent of the amounts actually paid or received. Net unrealized foreign exchange gains and losses arise from changes in the fair value of assets and liabilities other than investments in securities resulting from changes in exchange rates. The changes in net assets arising from changes in exchange rates and the changes in net assets resulting from changes in market prices of securities are not separately presented. Such changes are included in net realized and unrealized gains or losses from investments.

When-issued transactions

The Fund may purchase securities on a forward commitment or when-issued basis. The Fund records a when-issued transaction on the trade date and will segregate assets in an amount at least equal in value to the Fund's commitment to purchase when-issued securities. Securities purchased on a when-issued basis are marked-to-market daily and the Fund begins earning interest on the settlement date. Losses may arise due to changes in the market value of the underlying securities or if the counterparty does not perform under the contract.

Loans

The Fund may invest in direct debt instruments which are interests in amounts owed to lenders by corporate or other borrowers. The loans pay interest at rates which are periodically reset by reference to a base lending rate plus a spread. Investments in loans may be in the form of participations in loans or assignments of all or a portion of loans from third parties. When the Fund purchases participations, it generally has no rights to enforce compliance with terms of the loan agreement with the borrower. As a result, the Fund assumes the credit risk of both the borrower and the lender that is selling the participation. When the Fund purchases assignments from lenders, it acquires direct rights against the borrower on the loan and may enforce compliance by the borrower with the terms of the loan agreement. Loans may include fully funded term loans or unfunded loan commitments, which are contractual obligations for future funding.

Fair valuation measurements

Fair value measurements of investments are determined within a framework that has established a fair value hierarchy based upon the various data inputs utilized in determining the value of the Fund's investments. The three-level hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to significant unobservable inputs (Level 3). The Fund's investments are classified within the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement. The inputs are summarized into three broad levels as follows:

- Level 1 quoted prices in active markets for identical securities
- Level 2 other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, use of amortized cost, etc.)
- Level 3 significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

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

The following is a summary of the inputs used in valuing the Fund's assets and liabilities as of November 30, 2016:

	Quoted prices (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets				
Investments in :				
Common stocks				
Energy	\$ 3,108,459	\$ 0	\$ 0	\$ 3,108,459
Telecommunication services	11,505,061	0	0	11,505,061
Utilities	57,528,690	0	0	57,528,690
Corporate bonds and notes	0	35,187,983	0	35,187,983
Loans	0	1,046,717	141,039	1,187,756
Preferred stocks				
Utilities	13,669,973	3,068,463	0	16,738,436

Warrants				
Utilities	0	104	0	104
Yankee corporate bonds and notes				
	0	3,002,773	372	3,003,145
Short-term investments				
Investment companies	5,204,367	0	0	5,204,367
Total assets	\$ 91,016,550	\$ 42,306,040	\$ 141,411	\$ 133,464,001

The Fund recognizes transfers between levels within the fair value hierarchy at the end of the reporting period. At November 30, 2016, the Fund had no material transfers into/out of Level 1, Level 2, or Level 3.

ITEM 2. CONTROLS AND PROCEDURES

(a) The President and Treasurer have concluded that the Wells Fargo Utilities and High Income Fund (the Fund) disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) provide reasonable assurances that material information relating to the Fund is made known to them by the appropriate persons based on their evaluation of these controls and procedures as of a date within 90 days of the filing of this report.

(b) There were no significant changes in the Fund s internal controls over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) that occurred during the last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant s internal control over financial reporting.

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.

Wells Fargo Utilities and High Income Fund

By: /s/ Andrew Owen
Andrew Owen
President

Date: January 25, 2017

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.

Wells Fargo Utilities and High Income Fund

By: /s/ Andrew Owen
Andrew Owen
President

Date: January 25, 2017

By: /s/ Nancy Wiser
Nancy Wiser
Treasurer

Date: January 25, 2017