

DNP SELECT INCOME FUND INC
Form N-Q
September 27, 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 811-4915

DNP Select Income Fund Inc.

(Exact name of registrant as specified in charter)

200 South Wacker Drive, Suite 500, Chicago, Illinois 60606

(Address of principal executive offices)

(Zip code)

| | |
|-----------------------------------|----------------------------|
| Alan M. Meder | Lawrence R. Hamilton, Esq. |
| DNP Select Income Fund Inc. | Mayer Brown LLP |
| 200 South Wacker Drive, Suite 500 | 71 South Wacker Drive |
| Chicago, Illinois 60606 | Chicago, Illinois 60606 |

(Name and address of agents for service)

Registrant's telephone number, including area code: (312) 368-5510

Date of fiscal year end: October 31

Date of reporting period: July 31, 2017

Item 1. Schedule of Investments.

See the Statement of Net Assets below.

DNP SELECT INCOME FUND INC.
 STATEMENT OF NET ASSETS
 JULY 31, 2017
 (Unaudited)

| Shares | Description | Value |
|---------------------------------------|--|---------------|
| COMMON STOCKS & MLP INTERESTS--118.3% | | |
| ELECTRIC, GAS AND WATER--80.8% | | |
| 2,649,740 | Alliant Energy Corp. ^(a) | \$107,393,962 |
| 1,800,000 | Ameren Corp. ^{(a)(b)} | 100,980,000 |
| 900,000 | American Electric Power Company, Inc. | 63,486,000 |
| 1,000,000 | American Water Works Co. ^(a) | 81,100,000 |
| 632,000 | Atmos Energy Corp. ^(a) | 54,832,320 |
| 1,000,000 | Black Hills Corp. | 69,660,000 |
| 3,071,300 | CenterPoint Energy, Inc. ^(a) | 86,579,947 |
| 2,500,000 | CMS Energy Corp. ^(a) | 115,600,000 |
| 1,000,000 | DTE Energy Co. ^(a) | 107,060,000 |
| 1,000,000 | Edison International | 78,680,000 |
| 1,800,000 | Eversource Energy ^{(a)(b)} | 109,422,000 |
| 2,500,000 | Great Plains Energy Inc. ^{(a)(b)} | 77,150,000 |
| 811,900 | NextEra Energy, Inc. ^{(a)(b)} | 118,610,471 |
| 1,900,000 | NiSource Inc. | 49,514,000 |
| 800,000 | Northwest Natural Gas Co. | 50,480,000 |
| 2,300,000 | OGE Energy Corp. ^(a) | 82,478,000 |
| 300,000 | ONE Gas, Inc. | 21,834,000 |
| 1,000,000 | Pinnacle West Capital Corp. | 86,730,000 |
| 1,135,000 | PG&E Corp. | 76,828,150 |
| 1,800,000 | Public Service Enterprise Group Inc. ^{(a)(b)} | 80,946,000 |
| 900,000 | Sempra Energy ^(a) | 101,709,000 |
| 1,500,000 | South Jersey Industries, Inc. | 50,955,000 |
| 2,000,000 | Southern Co. ^(a) | 95,860,000 |
| 778,000 | Spire Inc. | 56,482,800 |
| 1,500,000 | Vectren Corp. ^(a) | 90,165,000 |
| 1,500,000 | WEC Energy Group, Inc. ^(a) | 94,455,000 |
| 1,000,000 | WGL Holdings Inc. ^{(a)(b)} | 85,720,000 |
| 910,000 | The Williams Companies, Inc. | 28,919,800 |
| 2,000,000 | Xcel Energy Inc. ^(a) | 94,620,000 |
| | | 2,318,251,450 |

The accompanying notes are an integral part of this financial statement.

DNP SELECT INCOME FUND INC.
STATEMENT OF NET ASSETS — (Continued)
JULY 31, 2017
(Unaudited)

| Shares | Description | Value |
|-----------|--|-------------|
| | OIL & GAS STORAGE, TRANSPORTATION AND PRODUCTION--23.5% | |
| 264,391 | Antero Midstream GP LP | \$5,613,021 |
| 435,000 | Antero Midstream Partners LP | 15,090,150 |
| 447,000 | DCP Midstream LP | 15,211,410 |
| 614,800 | Dominion Midstream Partners LP | 17,214,400 |
| 1,360,000 | Enbridge Inc. (Canada) | 56,385,600 |
| 765,532 | Energy Transfer Equity LP | 13,526,950 |
| 1,327,367 | Energy Transfer Partners LP | 27,463,223 |
| 880,000 | EnLink Midstream Partners LP | 14,546,400 |
| 1,076,000 | Enterprise Products Partners LP | 29,267,200 |
| 413,720 | EQT GP Holdings, LP | 12,080,624 |
| 176,000 | EQT Midstream Partners LP | 13,680,480 |
| 605,000 | GasLog Partners LP (Marshall Islands) | 14,973,750 |
| 357,000 | Genesis Energy LP | 10,781,400 |
| 2,380,526 | Kinder Morgan, Inc. ^(a) | 48,634,146 |
| 295,090 | Magellan Midstream Partners LP | 20,585,478 |
| 647,185 | MPLX LP | 23,525,175 |
| 753,250 | Nextera Energy Partners, LP | 31,048,965 |
| 299,150 | ONEOK, Inc. | 16,922,916 |
| 285,419 | Phillips 66 Partners LP | 14,345,159 |
| 685,610 | Plains All American Pipeline, LP | 18,079,536 |
| 645,000 | Rice Midstream Partners LP | 13,454,700 |
| 480,625 | Shell Midstream Partners LP | 13,736,263 |
| 415,000 | Spectra Energy Partners, LP | 18,758,000 |
| 510,000 | Tallgrass Energy GP, LP | 13,234,500 |
| 415,000 | Tallgrass Energy Partners LP | 21,214,800 |
| 500,120 | Targa Resources Corp. | 23,210,569 |
| 327,229 | Tesoro Logistics LP | 17,058,448 |
| 1,450,000 | TransCanada Corp. (Canada) ^(a) | 74,124,000 |
| 306,788 | Valero Energy Partners LP | 13,691,948 |
| 311,460 | Westlake Chemical Partners LP | 7,724,208 |
| 327,000 | Western Gas Partners LP | 16,981,110 |
| 500,000 | Williams Partners LP | 20,715,000 |
| | | 672,879,529 |

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DNP SELECT INCOME FUND INC.
STATEMENT OF NET ASSETS — (Continued)
JULY 31, 2017
(Unaudited)

| Shares | Description | Value |
|--------------|---|---------------|
| | TELECOMMUNICATIONS--14.0% | |
| 1,983,000 | AT&T Inc. ^{(a)(b)} | \$77,337,000 |
| 1,057,800 | BCE Inc. (Canada) ^(a) | 49,642,554 |
| 800,000 | CenturyLink Inc. | 18,616,000 |
| 690,400 | Crown Castle International Corp. | 69,440,432 |
| 1,000,000 | Orange SA (France) | 16,765,388 |
| 1,414,300 | Telus Corp. (Canada) | 50,926,336 |
| 800,000 | Uniti Group Inc. | 20,480,000 |
| 1,502,089 | Verizon Communications Inc. ^(a) | 72,701,108 |
| 782,200 | Vodafone Group Plc ADR (United Kingdom) | 23,215,696 |
| 666,666 | Windstream Holdings, Inc. | 2,526,664 |
| | | 401,651,178 |
| | Total Common Stocks & MLP Interests (Cost \$2,490,254,200) | 3,392,782,157 |
| | PREFERRED STOCKS--0.5% | |
| | NON-UTILITY--0.5% | |
| 234,900 | Vornado Realty Trust 6 5/8% Series G Perpetual | 6,036,930 |
| 350,000 | Vornado Realty Trust 6 5/8% Series I Perpetual | 9,047,500 |
| | | 15,084,430 |
| | Total Preferred Stocks (Cost \$13,536,811) | 15,084,430 |
| | Par Value | |
| | BONDS--14.8% | |
| | ELECTRIC, GAS AND WATER--7.2% | |
| \$22,000,000 | Arizona Public Service Co. 6 7/8%, 8/01/36 ^{(a)(b)} | 29,348,660 |
| 10,450,000 | Atmos Energy Corp. 8 1/2%, 3/15/19 ^(a) | 11,551,764 |
| 11,000,000 | Cleveland Electric Illuminating Co. 8 7/8%, 11/15/18 ^{(a)(b)} | 11,958,419 |

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| | | |
|------------|---|------------|
| 6,750,000 | Commonwealth Edison Company 6.95%, 7/15/18 ^(a) | 7,059,211 |
| 15,305,000 | Consolidated Edison Co. of New York 7 1/8%, 12/01/18 ^{(a)(b)} | 16,381,982 |
| 9,354,000 | Dominion Resources, Inc. 6.40%, 6/15/18 ^{(a)(b)} | 9,735,316 |
| 10,000,000 | DPL Capital Trust II 8 1/8%, 9/01/31 | 9,850,000 |
| 20,000,000 | Entergy Texas Inc. 7 1/8%, 2/01/19 ^{(a)(b)} | 21,496,380 |
| 14,376,000 | Exelon Generation Co. LLC 6.20%, 10/01/17 ^{(a)(b)} | 14,476,273 |

The accompanying notes are an integral part of this financial statement.

DNP SELECT INCOME FUND INC.
 STATEMENT OF NET ASSETS — (Continued)
 JULY 31, 2017
 (Unaudited)

| Par Value | Description | Value |
|--------------|---|--------------|
| \$10,618,000 | Indiana Michigan Power Co. 7.00%, 3/15/19 ^{(a)(b)} | \$11,471,071 |
| 5,000,000 | Metropolitan Edison Co. 7.70%, 1/15/19 ^(a) | 5,381,830 |
| 12,000,000 | National Fuel Gas Co. 8 3/4%, 5/01/19 ^(a) | 13,259,340 |
| 3,350,000 | Nevada Power Co. 7 1/8%, 3/15/19 | 3,633,299 |
| 10,345,000 | Oncor Electric Delivery Co. LLC 7.00%, 9/01/22 ^(a) | 12,517,616 |
| 14,000,000 | Progress Energy Inc. 7.05%, 3/15/19 ^{(a)(b)} | 15,120,882 |
| 6,528,000 | Public Service New Mexico 7 1/2%, 8/01/18 ^(a) | 6,886,805 |
| 5,000,000 | Sempra Energy 6.15%, 6/15/18 | 5,191,895 |
| | | 205,320,743 |
| | OIL & GAS STORAGE, TRANSPORTATION AND PRODUCTION--4.1% | |
| 6,488,000 | Energy Transfer Partners 7.60%, 2/01/24 | 7,687,450 |
| 8,850,000 | Energy Transfer Partners 8 1/4%, 11/15/29 | 11,706,922 |
| 5,000,000 | Enterprise Products Operating LLC 6 1/2%, 1/31/19 | 5,331,130 |
| 12,826,000 | EQT Corp. 8 1/8%, 6/01/19 ^{(a)(b)} | 14,149,181 |
| 8,030,000 | Kinder Morgan, Inc. 6.85%, 2/15/20 | 8,903,768 |
| 14,445,000 | Magellan Midstream Partners, LP 6.40%, 7/15/18 ^{(a)(b)} | 15,063,521 |
| 11,000,000 | ONEOK, Inc. 6.00%, 6/15/35 | 12,328,800 |
| 9,000,000 | ONEOK Partners, LP | |

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| | | |
|------------|-------------------------------------|-------------|
| | 8 5/8%, 3/01/19 | 9,876,924 |
| 5,000,000 | Plains All American Pipeline, LP | |
| | 4.65%, 10/15/2025 | 5,190,300 |
| 12,940,000 | Spectra Energy Capital, LLC | |
| | 6.20%, 4/15/18 ^{(a)(b)} | 13,366,722 |
| 2,615,000 | Spectra Energy Capital, LLC | |
| | 6 3/4%, 7/15/18 | 2,725,196 |
| 9,140,000 | TransCanada PipeLines Ltd. (Canada) | |
| | 7 1/8%, 1/15/19 ^(a) | 9,817,219 |
| | | 116,147,133 |

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DNP SELECT INCOME FUND INC.
 STATEMENT OF NET ASSETS — (Continued)
 JULY 31, 2017
 (Unaudited)

| Par Value | Description | Value |
|--------------|--|-----------------|
| | TELECOMMUNICATIONS--3.2% | |
| \$10,000,000 | BellSouth Capital Funding Corp. 7 7/8%, 2/15/30 ^{(a)(b)} | \$13,076,950 |
| 15,000,000 | CenturyLink Inc. 6 7/8%, 1/15/28 | 15,000,000 |
| 5,900,000 | Comcast Corp. 7.05%, 3/15/33 | 8,169,388 |
| 15,000,000 | Koninklijke KPN NV (Netherlands) 8 3/8%, 10/01/30 ^{(a)(b)} | 20,750,505 |
| 5,000,000 | TCI Communications Inc. 7 1/8%, 2/15/28 | 6,639,120 |
| 15,500,000 | Verizon Global Funding Corp. 7 3/4%, 12/01/30 | 21,028,323 |
| 5,000,000 | Vodafone Group Plc (United Kingdom) 7 7/8%, 2/15/30 | 6,827,085 |
| | | 91,491,371 |
| | NON-UTILITY--0.3% | |
| 8,000,000 | Dayton Hudson Corp. 9 7/8%, 7/01/20 ^{(a)(b)} | 9,595,760 |
| | | 9,595,760 |
| | Total Bonds (Cost \$414,668,973) | 422,555,007 |
| | TOTAL INVESTMENTS--133.6% (Cost \$2,918,459,984) | 3,830,421,594 |
| | Secured borrowings--(13.9)% | (400,000,000) |
| | Secured notes--(10.5)% | (300,000,000) |
| | Mandatory Redeemable Preferred Shares at liquidation value--(10.5)% | (300,000,000) |
| | Other assets less other liabilities--1.3% | 37,049,984 |
| | NET ASSETS APPLICABLE TO COMMON STOCK--100.0% | \$2,867,471,578 |

The accompanying notes are an integral part of this financial statement.

DNP SELECT INCOME FUND INC.
 STATEMENT OF NET ASSETS — (Continued)
 JULY 31, 2017
 (Unaudited)

(a) All or a portion of this security has been pledged as collateral for borrowings and made available for loan.

(b) All or a portion of this security has been loaned.

The percentage shown for each investment category is the total value of that category as a percentage of the net assets applicable to common stock of the Fund.

Note 1. Investment Valuation

The Fund's investments are carried at fair value which is defined as the price that the Fund would receive upon selling an investment in a timely transaction to an independent buyer in the principal or most advantageous market of the investment. The three-tier hierarchy of inputs established to classify fair value measurements for disclosure purposes is summarized in the three broad levels listed below.

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 risks, etc.)

Level 3 - significant unobservable inputs (including the Fund's own assumptions in determining fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in these securities. For more information about the Fund's policy regarding valuation of investments and other significant accounting policies, please refer to the Fund's most recent financial statements contained in its semi-annual report. The following is a summary of the inputs used to value each of the Fund's investments at July 31, 2017:

| | Level 1 | Level 2 |
|-------------------------------|-----------------|---------------|
| Common stocks & MLP interests | \$3,392,782,157 | - |
| Preferred stocks | 15,084,430 | - |
| Bonds | - | \$422,555,007 |
| Total | \$3,407,866,587 | \$422,555,007 |

There were no Level 3 priced securities held and there were no transfers between Level 1 and Level 2 related to securities held at July 31, 2017.

Note 2. Federal Tax Cost

At October 31, 2016, the Fund's most recent fiscal tax year end, the federal tax cost of investments and aggregate gross unrealized appreciation (depreciation) were as follows:

Federal Tax Cost

| | Unrealized Appreciation | Unrealized Depreciation | Net Unrealized Appreciation |
|-----------------|------------------------------------|------------------------------------|--|
| \$2,891,122,374 | \$899,656,730 | \$(146,297,714) | \$753,359,016 |

The difference between the book basis and tax basis of unrealized appreciation (depreciation) and cost of investments is primarily attributable to MLP earnings and basis adjustments, the tax deferral of wash sale losses, and the accretion of market discount and amortization of premiums.

Other information regarding the Fund is available on the Fund's website at www.dnpselectincome.com or the Securities and Exchange Commission's website at www.sec.gov.

Item 2. Controls and Procedures.

The registrant's principal executive officer and principal 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 (a) "1940 Act")) are effective, based on an evaluation of those controls and procedures made as of a date within 90 days of the filing date of this report as required by Rule 30a-3(b) under the 1940 Act and Rule 13a-15(b) under the Securities Exchange Act of 1934.

There has been no change in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) (b) 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.

Exhibit 99.CERT Certifications pursuant to Rule 30a-2(a) under the 1940 Act and Section 302 of the Sarbanes-Oxley Act of 2002

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.

(Registrant) DNP SELECT INCOME FUND INC.

By (Signature and Title) /s/ Nathan I. Partain
Nathan I. Partain
President and Chief Executive Officer
(Principal Executive Officer)

Date September 27, 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.

By (Signature and Title) /s/ Nathan I. Partain
Nathan I. Partain
President and Chief Executive Officer
(Principal Executive Officer)

Date September 27, 2017

By (Signature and Title) /s/ Alan M. Meder
Alan M. Meder
Treasurer and Assistant Secretary
(Principal Financial and Accounting Officer)

Date September 27, 2017