TORTOISE ENERGY INDEPENDENCE FUND, INC.
Form N-CSR
January 20, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number **811-22690**

Tortoise Energy Independence Fund, Inc.
(Exact name of registrant as specified in charter)

11550 Ash Street, Suite 300, Leawood, KS 66211
(Address of principal executive offices) (Zip code)

Terry Matlack
Diane Bono
11550 Ash Street, Suite 300, Leawood, KS 66211
(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: **November 30, 2015**

Item 1. Report to Stockholders.

Annual Report | November 30, 2015

2015 Annual Report

Closed-End Funds

Tortoise Capital Advisors
2015 Annual Report to Stockholders

This combined report provides you with a comprehensive review of our funds that span the entire energy value chain.

Tortoise Capital Advisors is one of the largest managers of energy investments, including closed-end funds, open end funds, private funds and separate accounts.

Table of contents

TTP and TPZ distribution policies

Tortoise Pipeline & Energy Fund, Inc. (TTP) and Tortoise Power and Energy Infrastructure Fund, Inc. (TPZ) are relying on exemptive relief permitting them to make long-term capital gain distributions throughout the year. Each of TTP and TPZ, with approval of its Board of Directors (the Board), has adopted a distribution policy (the Policy) with the purpose of distributing over the course of each year, through periodic distributions as nearly equal as practicable and any required special distributions, an amount closely approximating the total taxable income of TTP and TPZ during such year and, if so determined by the Board, all or a portion of the return of capital paid by portfolio companies to TTP and TPZ during such year. In accordance with its Policy, TTP distributes a fixed amount per common share, currently $0.45, each quarter to its common shareholders and TPZ distributes a fixed amount per common share, currently $0.1375, each month to its common shareholders. These amounts are subject to change from time to time at the discretion of the Board. Although the level of distributions is independent of TTP s and TPZ s performance, TTP and TPZ expect such distributions to correlate with its performance over time. Each quarterly and monthly distribution to shareholders is expected to be at the fixed amount established by the Board, except for extraordinary distributions in light of TTP s and TPZ s performance for the entire calendar year and to enable TTP and TPZ to comply with the distribution requirements imposed by the Internal Revenue Code. The Board may amend, suspend or terminate the Policy without prior notice to shareholders if it deems such action to be in the best interests of TTP, TPZ and their respective shareholders. For example, the Board might take such action if the Policy had the effect of shrinking TTP s or TPZ s assets to a level that was determined to be detrimental to TTP or TPZ shareholders. The suspension or termination of the Policy could have the effect of creating a trading discount (if TTP s or TPZ s stock is trading at or above net asset value), widening an existing trading discount, or decreasing an existing premium. You should not draw any conclusions about TTP s or TPZ s investment performance from the amount of the distribution or from the terms of TTP s or TPZ s distribution policy. TTP estimates that it has distributed more than its income and net realized capital gains; therefore, a portion of your distribution may be a return of capital. A return of capital may occur, for example, when some or all of the money that you invested in TTP is paid back to you. A return of capital distribution does not necessarily reflect TTP s investment performance and should not be confused with yield or income. The amounts and sources of distributions reported are only estimates and are not being provided for tax reporting purposes. The actual amounts and sources of the amounts for tax reporting purposes will depend upon TTP s and TPZ s investment experience during the remainder of their fiscal year and may be subject to changes based on tax regulations. TTP and TPZ will send you a Form 1099-DIV for the calendar year that will tell you how to report these distributions for federal income tax purposes.

Closed-end fund comparison

Name/Ticker	Primary focus	Structure	Total assets ($ millions)[1]	Portfolio mix by asset type[2]	Portfolio mix by structure[2]
Tortoise Energy Infrastructure Corp. NYSE: TYG Inception: 2/2004	Midstream MLPs	C-corp	$2,648.6		
Tortoise MLP Fund, Inc. NYSE: NTG Inception: 7/2010	Natural gas infrastructure MLPs	C-corp	$1,446.2		
Tortoise Pipeline & Energy Fund, Inc. NYSE: TTP Inception: 10/2011	North American pipeline companies	Regulated investment company	$241.5		
Tortoise Energy Independence Fund, Inc. NYSE: NDP Inception: 7/2012	North American oil & gas producers	Regulated investment company	$253.2		
Tortoise Power and Energy Infrastructure Fund, Inc. NYSE: TPZ Inception: 7/2009	Power & energy infrastructure companies (Fixed income & equity)	Regulated investment company	$185.7		

[1] As of 12/31/2015
[2] As of 11/30/2015

Tortoise Capital Advisors

2015 Annual Report to closed-end fund stockholders

Dear fellow stockholders,

The broad energy sector remained in uncertain territory during the fiscal year ending Nov. 30, 2015, with the S&P Energy Select Sector® Index returning -12.4%. Crude oil prices continued the downward trajectory that began in late 2014, reaching six-year lows in the final fiscal quarter. Headwinds throughout the year included ongoing concern about potential slowing demand from China and persistent global oversupply, including growing U.S. inventories, which could reach the highest level in at least 80 years.[1] Geopolitical tensions, which have the potential to disrupt production and drive prices higher, escalated throughout the year but so far have had little effect on prices or production. Just following the 2015 fiscal year end, the Organization of Petroleum Exporting Countries (OPEC) had its annual meeting in Vienna where it announced a wait and watch approach and confirmed that it will continue to produce at its current level of 31.5 million barrels per day, above its production quota.

Commodity price volatility negatively impacted companies across the entire energy value chain during the fiscal year, though to a much lesser extent for fixed-income securities. Midstream pipeline companies, master limited partnerships (MLPs) in particular, had a challenging second half of the fiscal year. While we firmly believe that midstream fundamentals remain solid, technical factors such as fund redemptions, short selling and closed-end fund deleveraging have put continued pressure on the MLP sector. Although the Federal Open Market Committee (FOMC) left interest rates unchanged in its October meeting, policymakers agreed on a small rate hike in December just following the close of the fiscal year.

Upstream

Oil and gas producers declined significantly, as reflected by the -25.9% return posted by the Tortoise North American Oil and Gas Producers Index℠ for the fiscal year. Low oil prices have halted U.S. production growth, which is projected to average 9.3 million barrels per day (MMbbl/d) for the 2015 calendar year. U.S. production began to decline in May, falling from an estimated 9.6 MMbbl/d in April 2015 to an estimated 9.2 MMbbl/d in November 2015. It is anticipated that production will continue to decline and then begin to increase in late 2016, with a projected average of 8.8 MMbbl/d for 2016. With global demand expected to grow by 1.4 MMbbl/d in 2016, we think this combination should ultimately help balance the supply/demand equation and support oil price improvement.[1]

Oil prices moved much lower during the fiscal year, opening at $66.15 per barrel, peaking that same day at $69.00, bottoming at $38.09 on Aug. 24 and then closing the fiscal year at $41.65 per barrel. Against this protracted price slide, increased drilling efficiencies have allowed for equivalent or greater amounts of oil and gas production using fewer rigs and at lower costs. Producers have reduced expenses through advanced technologies, re-fracking old wells and by fracking drilled-but-uncompleted wells that have already been drilled but are not yet producing. These production efficiencies have enabled surprisingly resilient U.S. production even as drilling activity has declined and rig counts have fallen to their lowest level since April 2002.[2]

With respect to natural gas, the Marcellus shale continues to dominate domestic production, with many producers enjoying increased volumes, also due to greater drilling efficiencies. Production is expected to average 79.6 billion cubic feet/day (Bcf/d) in calendar 2015, up 6.3% from 2014.[1] Due to this escalated production, an aggressive injection season and mild weather across much of the U.S., natural gas inventories reached a record high in Nov. 2015.[1] Natural gas prices opened the fiscal year at $4.24 per million British thermal units (MMBtu), the high for the fiscal year. Prices moved generally lower throughout the year, hitting their trough on Nov. 3 at $1.90 per MMBtu and closing the fiscal year at $2.09 per MMBtu. These low prices have continued to incentivize power plants to switch from coal to natural gas. Electricity generated from natural-gas-fired plants was greater than that generated from coal-fired plants for the first time in April 2015, and this trend has continued.[1]

Midstream

Reflecting continued negative investor sentiment about energy, and MLPs in particular, MLPs, as represented by the Tortoise MLP Index®, posted a -32.3% return for the fiscal year. Midstream MLPs continue to outpace their upstream counterparts, while broader pipeline companies outpaced MLPs (the latter of which includes companies spanning the energy value chain). This is reflected by the -25.7% return posted by the Tortoise North American Pipeline Index℠ for the fiscal year.

Within midstream, performance was a bit mixed, but nonetheless negative across the board. As previously noted, we believe that this was mostly technical pressure, not a reflection of midstream fundamentals. Gathering and processing companies pulled back the most during the fiscal year, due to their greater sensitivity to commodity price volatility. Crude oil MLP and other pipeline companies also retreated significantly due to concerns about slowing production resulting in fewer pipeline projects. Natural gas MLP and other pipeline companies also were restrained, but fared slightly better due to strong production and demand growth driven by low natural gas prices. Although they also lost ground during the fiscal year, refined product MLP and other pipeline companies were the least affected due to strong demand for refined products as oil prices stayed low throughout the year.

While the headwinds in the midstream segment have been challenging, particularly the concerns about access to capital, cash flows continued to grow, and in our view, midstream fundamentals generally have remained strong. We continue to see the critical need for infrastructure buildout, and announcements of new midstream projects have continued, with a particular focus on the southwestern Marcellus and the Utica, where pipeline takeaway needs are the greatest.[3] Our projection for capital investments in MLP, pipeline and related organic projects is approximately $140 billion for 2015 2017.

(unaudited)

Downstream

While lower oil and gas prices have created challenges for many energy-related companies, they have delivered some positives for areas in the downstream segment of the energy value chain, starting with the ultimate end user consumers. Cheap gasoline has pushed the number of miles driven by Americans to an all-time high.[4] Gasoline consumption was 3% higher during the first nine months of 2015 than during the same period the previous year.[1] Petrochemical companies and refiners continued to benefit from low input costs and strong demand.

Capital markets

Capital markets were active throughout the year, though they became more challenging as the fiscal year progressed. Exploration and production companies started the fiscal year strong, but activity fell sharply during the second half of the year. This segment raised approximately $41 billion in total capital during the fiscal year. MLP and pipeline companies raised approximately $72 billion during the fiscal year with approximately $30 billion in equity and nearly $42 billion in debt.

There were 11 IPOs across the energy sector during the fiscal year totaling $5.5 billion, though none of these occurred in the fourth fiscal quarter. These deals included pipeline MLPs, oil and gas producers, YieldCos with renewable energy assets and others. Merger and acquisition activity was healthy among MLP and pipeline companies, with announced transactions totaling close to $140 billion for the fiscal year. The largest of these was Energy Transfer Equity L.P. s proposed acquisition of The Williams Companies, Inc. in a deal valued at approximately $40 billion, which will create the third-largest energy franchise in North America.

Concluding thoughts

Despite challenging headwinds during the 2015 fiscal year, we view the current investment landscape as an attractive entry point for long-term investors. In our view, midstream MLP and pipeline fundamentals remain strong. We believe that in 2016 the global oil market will find more balance, searching for an optimal price at which consumer demand will remain strong due to low gasoline prices and oil producers can earn an adequate return on their invested capital. As this happens, opportunities should arise across the entire energy value chain.

Sincerely,

The Managing Directors
Tortoise Capital Advisors, L.L.C.

The S&P Energy Select Sector® Index is a capitalization-weighted index of S&P 500® Index companies in the energy sector involved in the development or production of energy products. The Tortoise North American Oil and Gas Producers Index℠ is a float-adjusted, capitalization weighted index of North American energy companies engaged primarily in the production of crude oil, condensate, natural gas or natural gas liquids (NGLs). The Tortoise North American Pipeline Index℠ is a float adjusted, capitalization-weighted index of energy pipeline companies domiciled in the United States and Canada. The Tortoise MLP Index® is a float-adjusted, capitalization-weighted index of energy master limited partnerships.

The Tortoise indices are the exclusive property of Tortoise Index Solutions, LLC, which has contracted with S&P Opco, LLC (a subsidiary of S&P Dow Jones Indices LLC) (S&P Dow Jones Indices) to calculate and maintain the Tortoise MLP Index®, Tortoise North American Pipeline Index℠ and Tortoise North American Oil and Gas Producers Index℠. S&P® is a registered trademark of Standard & Poor s Financial Services (SPFS); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC (Dow Jones); and these trademarks have been licensed for use by Tortoise Index Solutions, LLC and its affiliates. Neither S&P Dow Jones Indices, SPFS, Dow Jones nor any of their affiliates sponsor and promote the indices and none shall be liable for any errors or omissions in calculating the indices.

It is not possible to invest directly in an index.

Performance data quoted represent past performance; past performance does not guarantee future results. Like any other stock, total return and market value will fluctuate so that an investment, when sold, may be worth more or less than its original cost.

1 Energy Information Administration, December 2015
2 Baker Hughes, December 2015
3 Wood Mackenzie, December 2015
4 Federal Highway Administration, December 2015

(unaudited)

Tortoise
Energy Infrastructure Corp. (TYG)

Fund description

TYG seeks a high level of total return with an emphasis on current distributions paid to stockholders. TYG invests primarily in equity securities of master limited partnerships (MLPs) and their affiliates that transport, gather, process or store natural gas, natural gas liquids (NGLs), crude oil and refined petroleum products.

Fund performance review

The fund s market-based and NAV-based returns for the fiscal year ending Nov. 30, 2015 were -37.9% and -36.0%, respectively (including the reinvestment of distributions). Comparatively, the Tortoise MLP Index® returned -32.3% for the same period. The fund s performance reflects a difficult year for the broad energy sector as oil prices moved dramatically lower and global oil supply proliferated, impacting companies across the energy value chain. Concern about higher interest rates and access to capital also restrained midstream MLPs.

Fiscal year-end highlights

Distributions paid per share (fiscal year 2015)	$2.5900
Distributions paid per share (4th quarter 2015)	$0.6550
Distribution rate (as of 11/30/2015)	9.9%
Quarter-over-quarter distribution increase	0.8%
Year-over-year distribution increase	6.5%
Cumulative distribution to stockholders since inception in February 2004	$25.2225
Market-based total return	(37.9)%
NAV-based total return	(36.0)%
Premium (discount) to NAV (as of 11/30/2015)	(9.3)%

Key asset performance drivers

Top five performers	Company type	Performance driver
Valero Energy Partners LP	Midstream refined product pipeline MLP	Visibility to strong growth in an otherwise weak market from dropdown asset suite of sponsor
Holly Energy Partners, L.P.	Midstream refined product pipeline MLP	Improving dropdown asset suite of sponsor
Rice Midstream Partners LP Restricted	Midstream gathering and processing MLP	Growing Northeast natural gas production supported infrastructure buildout and purchased through a private investment in public equity offering
Dominion Midstream Partners, LP*	Downstream power/utility MLP	Visibility to strong growth in an otherwise weak market and from dropdown asset suite of sponsor
EQT GP Holdings, LP*	Midstream natural gas/natural gas liquids pipeline MLP	Growing Northeast natural gas production supported infrastructure buildout

*Absolute performance was negative for the period.

Bottom five performers	Company type	Performance driver
Plains All American Pipeline, L.P.	Midstream crude oil pipeline MLP	Reduced growth outlook
Sunoco Logistics Partners L.P.	Midstream crude oil pipeline MLP	Concerns about access to equity capital markets to finance growth
Energy Transfer Partners, L.P.	Midstream natural gas/natural gas liquids pipeline MLP	Large position in down market

Williams Partners L.P.	Midstream gathering and processing MLP	Unfavorable M&A news, G&P assets have greater exposure to commodity prices and operational challenges
Magellan Midstream Partners, L.P.	Midstream refined product pipeline MLP	Large position in down market

Unlike the fund return, index return is pre-expenses and taxes.

Performance data quoted represent past performance; past performance does not guarantee future results. Like any other stock, total return and market value will fluctuate so that an investment, when sold, may be worth more or less than its original cost. Portfolio composition is subject to change due to ongoing management of the fund. References to specific securities or sectors should not be construed as a recommendation by the fund or its adviser. See Schedule of Investments for portfolio weighting at the end of the fiscal quarter.

(unaudited)

Distributable cash flow and distributions

Distributable cash flow (DCF) is distributions received from investments less expenses. The total distributions received from investments include the amount received as cash distributions from investments, paid-in-kind distributions, and dividend and interest payments. The total expenses include current or anticipated operating expenses, leverage costs and current income taxes. Current income taxes include taxes paid on net investment income, in addition to foreign taxes, if any. Taxes incurred from realized gains on the sale of investments, expected tax benefits and deferred taxes are not included in DCF.

Distributions received from investments decreased approximately 2.6% as compared to 3rd quarter 2015 due primarily to net sales of investments during the quarter partially offset by increased distribution rates on investments. Operating expenses, consisting primarily of fund advisory fees, decreased 17.1% during the quarter primarily due to lower asset-based fees. Overall leverage costs decreased 2.4% during the quarter due to the reduction of leverage outstanding.

As a result of the changes in income and expenses, DCF increased approximately 1.2% as compared to 3rd quarter 2015. The fund paid a quarterly distribution of $0.655 per share, which represents an increase of 0.8% over the prior quarter and an increase of 6.5% over the 4th quarter 2014 distribution. For tax purposes, the cash distributions paid to stockholders for the calendar year 2015 were 100 percent qualified dividend income. This information is reported to stockholders on Form 1099-DIV and is available on our Web site at www.tortoiseadvisors.com. The fund has paid cumulative distributions to stockholders of $25.2225 per share since its inception in Feb. 2004.

The Key Financial Data table discloses the calculation of DCF and should be read in conjunction with this discussion. The difference between distributions received from investments in the DCF calculation and total investment income as reported in the Statement of Operations, is reconciled as follows: the Statement of Operations, in conformity with U.S. generally accepted accounting principles (GAAP), recognizes distribution income from MLPs and other investments on their ex-dates, whereas the DCF calculation may reflect distribution income on their pay dates; GAAP recognizes that a significant portion of the cash distributions received from MLPs and other investments are characterized as a return of capital and therefore excluded from investment income, whereas the DCF calculation includes the return of capital; and distributions received from investments in the DCF calculation include the value of dividends paid-in-kind (additional stock or MLP units), whereas such amounts are not included as income for GAAP purposes, and includes distributions related to direct investments when the purchase price is reduced in lieu of receiving cash distributions. The treatment of expenses in the DCF calculation also differs from what is reported in the Statement of Operations. In addition to the total operating expenses, including fee waiver, as disclosed in the Statement of Operations, the DCF calculation reflects interest expense, realized and unrealized gains (losses) on interest rate swap settlements, distributions to preferred stockholders, other recurring leverage expenses, as well as taxes paid on net investment income. Non-recurring expenses related to the mergers are excluded from DCF. For fiscal year 2014, the fund s DCF includes DCF from Tortoise Energy Capital Corp. (TYY) and Tortoise North American Energy Corp. (TYN) for the portion of the 3rd quarter 2014 prior to the mergers (June 1, 2014 through June 22, 2014).

Net Investment Loss, before Income Taxes on the Statement of Operations is adjusted as follows to reconcile to DCF for fiscal year 2015 and 4th quarter 2015 (in thousands):

	FY 2015	4th Qtr 2015
Net Investment Loss, before Income Taxes	$ (39,497)	$ (8,729)
Adjustments to reconcile to DCF:		
Distributions characterized as return of capital	176,407	44,520
Amortization of debt issuance costs	886	217
Interest rate swap expenses	(737)	(230)
DCF	$137,059	$35,778

Leverage

The fund s leverage utilization declined by $94.4 million during 4th quarter 2015 and represented 32.4% of total assets at Nov. 30, 2015, above the long-term target level of 25% of total assets. Although the fund s leverage ratio has increased as asset values have declined recently, the fund has maintained compliance with its applicable coverage ratios. During the quarter, the fund used proceeds from the sale of investments to reduce the amounts borrowed under its credit facilities. At quarter-end, including the impact of interest rate swaps, approximately 79% of the leverage cost was fixed, the weighted-average maturity was 6.0 years and the weighted-average annual rate on our leverage was 3.47%. These rates will vary in the future as a result of changing floating rates, utilization of the fund s credit facilities and as leverage and swaps mature or are redeemed.

Income taxes

During 4th quarter 2015, the fund s deferred tax liability decreased by $218 million to $446 million, primarily as a result of the decline in value of its investment portfolio. The fund had net realized gains of $114 million during the quarter. To the extent that the fund has taxable income, it will owe federal and state income taxes. Tax payments can be funded from investment earnings, fund assets, or borrowings.

Please see the Financial Statements and Notes to Financial Statements for additional detail regarding critical accounting policies, results of operations, leverage, taxes and other important fund information.

For further information regarding the calculation of distributable cash flow and distributions to stockholders, as well as a discussion of the tax impact on distributions and results, please visit www.tortoiseadvisors.com.

(unaudited)

TYG Key Financial Data (supplemental unaudited information)
(dollar amounts in thousands unless otherwise indicated)

The information presented below regarding Distributable Cash Flow and Selected Financial Information is supplemental non-GAAP financial information, which the fund believes is meaningful to understanding operating performance. The Distributable Cash Flow Ratios include the functional equivalent of EBITDA for non-investment companies, and the fund believes they are an important supplemental measure of performance and promote comparisons from period-to-period. This information is supplemental, is not inclusive of required financial disclosures (e.g. Total Expense Ratio), and should be read in conjunction with the full financial statements.

	Year Ended November 30, 2014[1]	2015	2014 Q4[2]	2015 Q1[2]	Q2[2]	Q3[2]	Q4[2]
Total Income from Investments							
Distributions and dividends from investments	$151,664	$208,118	$50,595	$52,050	$51,585	$52,919	$51,564
Dividends paid in stock	5,732		576				
Total from investments	157,396	208,118	51,171	52,050	51,585	52,919	51,564
Operating Expenses Before Leverage Costs and Current Taxes							
Advisory fees	31,295	34,637	10,145	9,350	9,545	8,661	7,081
Other operating expenses	1,736	2,016	476	493	511	500	512
	33,031	36,653	10,621	9,843	10,056	9,161	7,593
Distributable cash flow before leverage costs and current taxes	124,365	171,465	40,550	42,207	41,529	43,758	43,971
Leverage costs[3]	25,731	34,406	8,324	9,041	8,778	8,394	8,193
Current income tax expense[4]							
Distributable Cash Flow[5]	$ 98,634	$137,059	$32,226	$33,166	$32,751	$35,364	$35,778
As a percent of average total assets[6]							
Total from investments	4.73 %	5.53 %	4.57 %	4.98 %	4.94 %	5.59 %	6.83 %
Operating expenses before leverage costs and current taxes	0.99 %	0.97 %	0.95 %	0.94 %	0.96 %	0.97 %	1.01 %
Distributable cash flow before leverage costs and current taxes	3.74 %	4.56 %	3.62 %	4.04 %	3.98 %	4.62 %	5.82 %
As a percent of average net assets[6]							
Total from investments	8.57 %	10.54 %	8.30 %	9.45 %	9.34 %	10.90 %	13.38 %
Operating expenses before leverage costs and current taxes	1.80 %	1.86 %	1.72 %	1.79 %	1.82 %	1.89 %	1.97 %
Leverage costs and current taxes	1.40 %						