Profit From Your Monthly Bills With These 3 Dividend Stocks

Description

They say there are two certainties in life — death and taxes. I'd like to add a third, and that's utility bills constantly going up.

It seems like every time I open a bill from the power, gas, or cable company, the number is a little higher. I do my best to keep my consumption down. I turn off lights when I leave the room. I keep the temperature at a reasonable level during the winter. I don't have *that* many cable channels. And still, it seems like I just can't beat my utility providers.

While lamenting my latest bill one day, it hit me. Rather than looking at it from a consumer's point of view, I should look at it like an investor. These businesses have terrific pricing power. I'm not about to go without power, or even cable TV. Many of these companies have the benefit of decades of investment made by governments, back when these industries were controlled by provinces. A competitor isn't about to come into the market and start taking away market share. It's just too expensive.

I often give a similar piece of advice to anyone complaining about utility bills. If an investor feels ripped off as a consumer, it sounds like that company could be a great investment. Here are three utility stocks that will lessen the pain of your monthly bills if they're in your portfolio.

Shaw Communications

Even though Canadians are cutting the cord on cable TV at an increasing rate, shares in **Shaw Communications** (TSX: SJR.B)(NYSE: SJR) are still hitting a new 52-week high.

Shaw Communications supplies telephone, internet, and television services to more than 3 million Canadian customers. It also operates Shaw Media, which owns some of Canada's largest television stations, like Global, History, Food Network, and Showcase.

The company has recently invested heavily in a network of wifi hotspots, which allow access to any customer signed up with Shaw internet at home. There are more than 30,000 of these hotspots, located across western Canada. The hope is this network will entice customers who want internet access on the road to sign up for Shaw's residential internet service.

The company's days of being a huge grower are behind it, but it did manage to grow revenue 2% during 2013. Profits also grew, coming in at $746 million, compared to $728 million in 2012. Shaw also pays out a growing dividend, paid out monthly. Its current yield is just above 4%.

Shaw has an interesting wild-card — wireless spectrum it acquired in 2008. The company currently plans to sell it to **Rogers Communications** (TSX: RCI.B)(NYSE: RCI), but industry observers aren't sure the federal government will let the deal go through. Ottawa desperately wants a fourth wireless carrier in Canada, and may be reluctant to let an incumbent beef up its position at the expense of a potential new entrant.

Telus

Shaw is a fine telecommunications company, with one exception. It doesn't give an investor exposure to wireless, the only real growth area left in the sector. That's where **Telus** (TSX: T)(NYSE: TU) comes in.

Even though Telus is traditionally known as a company exposed to Alberta and British Columbia, the company's wireless subscriber growth is mainly coming from Ontario and Quebec, at the expense of the established players in those markets. Its television service is also quickly gaining market share, thanks to aggressive promotions to lock up customers in long-term contracts. This growth should continue as it rolls out TV service to smaller markets across the west.

Because of wireless and television success, Telus is easily the fastest growing player in the space. Earnings were up nearly 10% in 2013, and are expected to grow another 15% in 2014. This earnings growth, combined with a dividend that's grown more than 50% since 2009, makes Telus a great buy.

Fortis

Fortis (TSX: FTS) is Canada's largest investor-owned gas and electric distribution utility, serving more than 2.4 million Canadian customers. It also has significant operations in New York, the Caribbean, and Belize.

The company is about as rock solid as you can find. It has increased its dividend a whopping 41 consecutive years. It continues to grow, acquiring **CH Energy Group** in 2013, and **UNS Energy** earlier this year. Management expects the addition of these two assets to help boost earnings by more than 30% by 2018, which is more than enough to keep that dividend growth streak alive.

The stock currently yields almost 4%, and has spent the majority of the past year hovering between $30 and $32 per share. Investors shouldn't expect flashy growth from this company, but should be able to look forward to consistent high single-digit returns.

CATEGORY

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2. NYSE:TU (TELUS)
3. TSX:FTS (Fortis Inc.)
4. TSX:RCI.B (Rogers Communications Inc.)
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Date
2025/09/13
Date Created
2014/05/28
Author
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