



The Best Income Stock You've Never Heard Of: Pembina Pipeline Corp

Description

With interest rates near 0% and saving accounts earning next to nothing, blue-chip dividend stocks have never been more popular.

And it's not hard to see why. Buying elite businesses at a good price is a safe, steady way to get rich in the stock market. After two asset bubbles, investors are tired of getting burned in speculative investments.

There's only one problem: when everybody wants something, it tends to drive the price up. That's the anti-thesis of great returns. This is why it pays to go off the beaten path for dividends.

Case in point: **Pembina Pipeline Corp** ([TSX: PPL](#))([NYSE: PBA](#)).

This firm is one of the market's best-kept secrets. Only a handful of analysts even cover this business. I doubt you even know it exists, but this company is vital to your day-to-day life.

But while you might not have ever heard of Pembina, this firm gives you a stake in some of the most valuable energy assets in the world. The company owns pipelines, terminals, and storage facilities throughout Western Canada. This is the infrastructure needed to ship and store a variety of energy products like oil, propane, and natural gas.

In return for moving and storing these commodities, the firm earns a fee. This means Pembina's business more closely resembles a highway toll booth than an energy company. Almost all of its profits come from predictable, long-term transit and storage contracts with no oil price exposure.

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Source: Pembina Investor Relations

This has been a lucrative formula for shareholders. Since its inception in 1997, the company has paid out \$3 billion to shareholders in dividends. Today, the stock yields 3.8%.

And this is only the beginning. Thanks to growing oil sands production, the amount of energy currently being pulled out of Western Canada is only a fraction of what's to come. Businesses that ship and store all of these hydrocarbons are poised to make a killing. Pembina is positioned to do exactly that.

The firm has about \$4.5 billion in secured growth projects — about 30% of its current market capitalization — on the books. That includes thousands of miles of new pipelines, storage plants, and processing facilities. And because the company is based in Alberta, it faces fewer regulatory hurdles than larger peers like **Enbridge Inc** and **TransCanada Corporation**.

Pembina shareholders are likely to be rewarded for years to come given the backlog of expansion projects, increasing cash flows, and growing dividends. If you're looking for reliable income, this stock deserves a permanent place in any dividend portfolio.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. TSX:PPL (Pembina Pipeline Corporation)

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