



## 3 Top Energy Stocks With Yields of 3-4%

### Description

As a dividend investor, I'm always on the lookout for high-quality stocks that can boost my portfolio's returns and, after a recent search of the energy sector, I came across three great opportunities. Let's take a quick look at each, so you can determine if you should invest in one of them today.

#### 1. Canadian Utilities Limited

**Canadian Utilities Limited** ([TSX:CU](#)) is a diversified global corporation with operations in the following four industries:

- Electricity: electricity generation, transmission, and distribution
- Pipelines & Liquids: natural gas transmission, distribution, and infrastructure development, energy storage, and industrial water solutions
- Retail Energy: electricity and natural gas sales
- Structures & Logistics: workforce housing, innovative modular facilities, construction, site support services, and logistics and operations management

It pays a quarterly dividend of \$0.325 per share, or \$1.30 per share annually, giving its stock a yield of about 3.4% at current levels.

Investors must also note that Canadian Utilities's 10.2% dividend hike in January has it on pace for 2016 to mark the 44th consecutive year in which it has raised its annual dividend payment, tying it with **Fortis Inc.** for the longest active streak for a public corporation in Canada.

#### 2. Hydro One Ltd.

**Hydro One Ltd.** ([TSX:H](#)) is Ontario's largest electric transmission and distribution company. It delivers electricity to more than 1.3 million customers across the province and to industrial customers and municipal utilities.

It pays a quarterly dividend of \$0.21 per share, or \$0.84 per share annually, giving its stock a yield of about 3.2% at current levels.

Investors must also make the following two notes.

First, Hydro One completed its IPO in November of last year, and it declared its first quarterly dividend in February of this year.

Second, it has a target dividend-payout range of 70-80% of its net earnings.

### 3. Peyto Exploration & Development Corp.

**Peyto Exploration & Development Corp.** ([TSX:PEY](#)) is one of the largest explorers and producers of unconventional natural gas in Alberta's Deep Basin. Its assets include 440,000 net acres of land, nine operated gas plants, and 1,600 kilometres of pipeline.

It pays a monthly dividend of \$0.11 per share, or \$1.32 per share annually, giving its stock a yield of about 3.8% at current levels.

Investors must also note that Peyto has raised its annual dividend payment for three consecutive years, and its ample amount of funds from operations could allow it to continue this streak in 2016 by announcing a slight hike before the end of the year.

#### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

#### TICKERS GLOBAL

1. TSX:CU (Canadian Utilities Limited)
2. TSX:H (Hydro One Limited)
3. TSX:PEY (Peyto Exploration & Development Corp)

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