



## Like Dividend Raises? Buy TransCanada Corporation

### Description

**TransCanada Corporation** ([TSX:TRP](#))([NYSE:TRP](#)) is an energy infrastructure company which owns approximately 3,460 kilometres of oil pipeline, 57,000 kilometres of wholly owned gas pipeline, and 11,500 kilometres of partially owned gas pipeline. TransCanada is also able to store gas with its whopping 407-billion-cubic-feet storage capacity.

I believe the demand for natural gas is going to surge as the world moves away from dirtier sources of energy like coal. A lot more gas is going to be consumed, so naturally, more pipeline is going to need to be installed over the next few years to move this gas.

### New projects will support future dividend raises

TransCanada's management team has over 60 years' worth of experience in the pipeline business, and the company has a proven ability to grow organically and through acquisitions. The company is firing on all cylinders with approximately \$23 billion worth of short-term projects that will be huge boosters of cash flow over the medium term. These projects are expected to result in annual dividend increases of around 8-10% over the next three years.

The Keystone XL pipeline is up in the air thanks to the Trump administration. If Keystone XL ever goes operational, TransCanada will be able to support an even larger annual dividend increase in the years to come. It's hard to say when the pipeline will actually get built, as there's still a lot of resistance that's acting as a roadblock for now.

I think TransCanada is still a great dividend-growth play regardless of what happens with Keystone XL.

### West coast expansion underway

More recently, TransCanada stated that it would be spending approximately \$2 billion through 2021 on a pipeline expansion in western Canada. The additional pipeline is going to connect the Montney, Duvernay, and Deep Basin production sites to the NOVA Gas Transmission Ltd. pipeline system, which consists of over 25,000 kilometres of natural gas pipeline that runs through Alberta and a small part of northeast British Columbia. It's expected that the project will be operational in Q2 2021.

### Takeaway

TransCanada is a dividend-growth king which has provided generous increases on a consistent basis over the last decade. Judging from the company's pipeline of projects, it appears that we can expect more of the same in the next decade. There are many medium- to long-term catalysts that could propel TransCanada to much higher levels from here.

If you seek a high 4% yield, consistent dividend raises, and long-term stock price appreciation, then look no further than TransCanada. The stock appears to be fairly valued considering its promising growth prospects, so prudent investors should consider adding TransCanada to their watch lists with the intent to buy shares on any weakness that may happen in the coming months.

Stay smart. Stay hungry. Stay Foolish.

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