



3 Utility Investments to Boost Your Portfolio

Description

One of the most intriguing investments to add to any portfolio is a utility. Utilities have a reliable stream of revenue thanks to their unique yet simple business model. Regulated contracts between the utility and the government or the community the utility serves indicates the amount and rate that the utility provides and receives compensation for.

These agreements, which are often in effect for upwards of 20 years, provide the utility with a safe and steady stream of revenue, making utilities perfect for investors looking for a reliable income stream.

Here are some of the best utilities to consider adding to your portfolio.

Hydro One Ltd

Shares of **Hydro One Ltd.** ([TSX:H](#)) have hit a bit of a snag recently, but despite this temporary setback, Hydro One remains an [intriguing investment](#) option, owing to the near-monopoly status of the company in Ontario and a growing portfolio to keep investors happy.

Much of the recent pullback stems from two main reasons. First, Hydro One posted disappointing results for the most recent quarter. Disappointing isn't quite the right word, so let's just call the results misleading. In the last quarter, Hydro One acquired Washington-based Avista Corp. which had an impact on the bottom line. That was a one-time impact, but the impact of Avista in terms of revenue will be ongoing.

The second point worth considering is the recent debate over Hydro One's intent (and ultimate failure) at securing a rate increase over the next few years. As a customer of Hydro One, this is a win, but as an investor, this isn't necessarily a loss; if anything, rates stay as they are, and Hydro One continues to reward investors with a juicy 3.86% yield.

Year to date, Hydro One is down just under 4%, trading just shy of \$23 with a P/E of 21.58

Innergex Renewable Energy Inc.

If renewable energy investments are more your preference, then **Innergex Renewable Energy Inc.** ([TSX:INE](#)) will not disappoint. Innergex has solar, wind, and hydro components in 54 sites that are scattered across Canada, the U.S., and France.

While nearly all power producers sell their power through power-purchase agreements, renewable energy companies such as Innergex offer a clean source of power generation that could be viewed in a preferential light over fossil-fuel burning facilities that are up for renewal.

Why should you invest in Innergex? Innergex recently announced the intention to acquire Vancouver-based **Alterra Power Corp.** in a deal reportedly worth \$1.1 billion. While the deal is still subject to shareholder approval slated sometime next month, the deal will add 14 new facilities that are either operational or under construction and projects in the planning/approval phase that could add a net 4,530 MW to Innergex's supply.

Innergex offers a quarterly dividend that provides an impressive yield of 4.63%.

Algonquin Power & Utilities Corp.

When considering utility investments that provide handsome returns, no discussion would be complete without mentioning **Algonquin Power & Utilities Corp.** ([TSX:AQN](#))([NYSE:AQN](#)). Algonquin offers investors an impressive quarterly dividend that pays a yield of 4.15% and is [targeting growth](#) of 10% annually over the next several years.

Perhaps one of the most compelling reasons to consider Algonquin is because of the diversified nature of Algonquin's business. Algonquin provides regulated electricity, natural gas, and water services to over 700,000 customers in the U.S., and it has a renewable energy business that provides over 1,250 MW of capacity through wind, solar, and hydro elements.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:H (Hydro One Limited)
4. TSX:INE (Innergex Renewable Energy)

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