Finish 2017 With an Investment in These 2 Utilities

Description

Utilities are some of the best and most misunderstood investments on the market. Utilities are often branded as being boring investments that lack any true growth prospects for investors, owing to the nature of their stable business models.

Utilities see most of their revenue come in from regulated contracts. Those regulated contracts stipulate the amount of the utility that will be provided as well as how much that utility is going to be compensated for providing that service. This translates into a stable and secure source of revenue for the utility that could span for decades.

While that stable and secure stream of revenue is a welcome addition to the utility itself, the stereotype among investors is that this leaves little room for growth.

That couldn't be further from the truth. Here are two utility investments that have significant growth and income prospect for investors.

Algonquin Power & Utilities Corp. (TSX:AQN)(NYSE:AQN) is a perfect example of a utility with massive growth prospects. Over the course of 2017, Algonquin's stock has soared 23%, and the quarterly dividend that provides investors with a 4.16% yield should have income-seeking investors feeling more than content, especially considering the company is targeting 10% annual growth over the next few years.

That impressive growth is thanks to an aggressive expansion policy that has seen Algonquin acquire a number of smaller players in the U.S market over the past few years. That growth is likely to continue into 2018 and beyond.

In addition to serving as a great dividend and impressive growth, Algonquin is a well-diversified utility with electricity, natural gas, and water segments that together serve a base of over 750,000 customers across the U.S. The company also has a renewable energy arm that offers hydro, solar, and wind elements that provide an overall capacity of over 2,900 MW of power.

Innergex Renewable Energy Inc. (TSX:INE) caters to the growing renewable energy segment. In recent years, renewable energy companies have shaken off their stereotype of being overpriced, inefficient, and incapable of being used to power large cities.

That view has changed in recent years, as renewable energy components such as wind, hydro, and solar are steadily taking the places of older, dirtier fossil fuel facilities that are reaching their end-of-life dates. Renewable energy now accounts for up to 15% of all energy production within the U.S., and worldwide electricity generation from renewable sources is now set at 21% and growing.

In terms of growth prospects, Innergex recently acquired Vancouver-based Alterra Power Corp., with Alterra shareholders approving the deal earlier this month. Alterra manages eight different renewable energy facilities encompassing hydro, geothermal, wind, and solar elements totaling 825 MW that are situated in the U.S., Canada, and Iceland.

The deal, which is likely to be completed in the first quarter of 2018, will allow Innergex to continue pursuing an aggressive growth strategy.

Innergex also offers investors an impressive quarterly dividend that pays a very appetizing 4.52% yield that should keep even the most critical of investors happy.

CATEGORY

1. Energy Stocks
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TICKERS GLOBAL

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2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:INE (Innergex Renewable Energy)

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