TFSA Investors: 3 Energy Stocks That Pay up to 7.4%

Description

If you're looking for a good dividend stock to put into your TFSA, it's hard to go wrong with an energy stock. With lots of recurring revenue, and the companies providing a necessary service that effectively makes them recession-proof, there's a lot to like about these types of investments. Below are three energy stocks that can offer you some great payouts and that could be great additions to your portfolio today.

Atco (TSX:ACO.X) can not only offer some great dividends but an opportunity for significant capital appreciation as well. With exposure to oil and gas and the Alberta economy, Atco has a lot of room to rise. Over the past five years, its share price has fallen by 15%. Currently, it's trading at a little more than book value and at a price-to-earnings (P/E) ratio of 14, providing investors with good value and a solid payout, too.

At 3.7%, it's a decent dividend and one that has grown over the years as well. Investors have a great opportunity here to add Atco to their portfolios and have a stock that they can hold for the long term that can provide all sorts of income.

In each of the past five years, Atco's revenues have been higher than $4 billion, while the company has stayed profitable during that time as well. And so while it may not have been the best of times for oil and gas or Alberta, the stock has still performed well, and that should get investors excited about how it might do when things finally turn around in that part of the country.

Pattern Energy (TSX:PEGI)(NASDAQ:PEGI) has dozens of renewable energy projects around the world, and not only is it a good energy stock today, but it also provides a lot of growth for the long term as well. The company has made some steady progress over the years, and since 2014 revenues have nearly doubled. This past year, Pattern Energy also posted a profit for the first time since 2013.

Like Atco, the company has increased its dividends over the years. Currently, it pays investors around 7.4% per year. It's a very high yield for a utility provider, and it's actually lower than it has been in the past; in the last year the share price has risen by 24%, which would have brought the yield down. As the demand for renewable energy continues to climb, Pattern Energy could be an even more attractive buy in the years and months ahead.

TransAlta Renewables (TSX:RNW) is another renewable energy stock that has great growth prospects and that pays a strong dividend. Although its share price has been volatile, TransAlta has seen it rise by more than 11% over the past year. Sales were flat this past year but with strong free cash flow, TransAlta is in a good position to continue funding its growth. With a diverse portfolio of assets centred on wind and hydroelectric facilities, it too is in prime position to take advantage of the movement toward cleaner energy sources.

While TransAlta's dividend isn't one that investors should expect to rise, it offers investors a great payout of 6.8% that is paid out in monthly installments. And at a P/E ratio of 15, investors won't have to pay a premium to own this stock, especially given the potential it has. TransAlta is a long-term play that investors shouldn't expect immediate results from, but it can prove to be a great investment if the dividend payments continue, as there's no denying the growth that can be achieved in this industry.

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