



TFSA Investors: Buy This Stock If You Love Regular Dividend Income Flows

Description

Canadian pipeline giant **TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)) is a great stock to own for investors who look forward to a regular source of dividend income. At a dividend yield of 4.7%, this energy stock is a great one to hold in your portfolio.

TC Energy (formerly TransCanada) runs and operates 92,600 kilometres of natural gas pipeline, and has more than 653 billion cubic feet (Bcf) of natural gas storage.

It operates approximately 4,900 kilometres of oil pipelines and generates approximately 6,600 megawatts of capacity – enough to power more than six million homes.

Revenue from U.S. key to TC Energy

TC Energy's U.S. businesses will be major thrusts for the company in 2019. Its earnings from U.S. natural gas pipelines were up 22% in the second quarter of 2019 thanks to the Columbia Gas and Columbia Gulf growth projects that began operations in the quarter.

The Keystone Pipeline system was a major driving force in the 40% increase in TC Energy's liquids pipeline business as were higher earnings from liquids marketing activities and the new White Spruce pipeline. EBITDA shot up to \$582 million in the second quarter of 2019, from \$413 million in the same period in 2018.

The Keystone Pipeline System is TC's largest liquids pipeline asset and moves approximately 20% of western Canadian crude oil export to key refining markets.

The Grand Rapids and Northern Courier pipelines, two intra-Alberta liquids pipelines, provide transportation solutions for producers in northern and western Athabasca regions.

The Bruce Power nuclear facility boosted the power and storage earnings by 8.4% as EBITDA hit \$219 million in the second quarter of 2019. Nearly half of TC Energy's power comes from the emission-less Bruce Power facility.

The company's Canada and Mexico operations didn't give much to talk about. The Canada earnings declined 3.1% to \$528 million in the second quarter of 2019 from \$545 million in the prior-year period.

Mexico Natural Gas Pipelines' earnings were flat at \$141 million in the June quarter compared to \$142 million in the second quarter of 2018.

The verdict

Most of TC's businesses generate steady cash flows and that gives it a lot of room to expand. [As Fool contributor Matthew DiLallo reported](#), TC Energy has \$30 billion of secured expansion projects as of 2019, providing it with highly visible earnings growth through 2023.

Projects worth \$7 billion are expected to get completed in 2019. These projects will add to earnings and boost cash flow, which is how the company expects to meet its annual dividend growth of 8-10% until 2021.

In the meantime, TC Energy has more than \$20 billion of additional expansions under development that will help the company generate value into the next decade as well.

It's therefore no surprise that TC Energy has continuously grown dividends for the past 19 years. At a forward price to earnings of 17, this stock is available at a slight discount in the market today.

Six out of eight analysts have a "buy" call on the stock while the other two ask you to hold it. The stock is currently trading around \$50.85USD. You can expect an upside of 10% at least based on average analyst estimates.

TC Energy is a great stock to hold for investors seeking regular dividends to help them beat inflation.

CATEGORY

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2. Energy Stocks
3. Investing

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