

For those who are unfamiliar with the company, Hydro One is the dominant electricity transmission and distribution service provider in Ontario. What this means is that the company is operating in a near-monopoly state in the province, with a [massive moat](#) around the necessary service that it provides. In other words, it's a source of recurring revenue, which in turn translates into handsome dividends for investors.

In terms of results, in the most recent quarter, Hydro One posted earnings of \$0.40 per share, reflecting a solid 21% gain over the \$0.33 reported in the same period last year. The solid earnings allow Hydro One to provide investors with a handsome quarterly dividend that currently pays out a yield of 3.68%.

Renewable energy is the future

One of the risks that utility stock investors grapple with is the growing need for renewable energy stocks. While utilities still using fossil fuels scramble to transition to a renewable portfolio, investments such as **Innergex Renewable Energy** ([TSX:INE](#)) provide investors a unique opportunity to see long-term gains.

Innergex's portfolio spans hydro, electric, solar, and wind elements with facilities located in the U.S., Canada, France, and Chile. In total, the company has 68 active facilities as well as a further six sites that are in various stages of development.

An interesting point to note is that renewable energy facilities are still subject to long-term PPA contracts that are common with fossil-fuel facilities. In other words, investors should expect a steady stream of recurring revenue that gets passed on through a handsome quarterly dividend. Innergex currently provides an ample 3.76% yield.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
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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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