3 Great TSX Utility Stocks to Buy Long Term

Description

If you are concerned about the prolonged impact of the COVID-19 pandemic on the economy, utility stocks on the **Toronto Stock Exchange** might be the way to go. Utility stocks have a reputation for being safe assets to buy and hold long term. Even better: they tend to offer decent dividend yields to shareholders.

Here are three top TSX utility stocks to buy for your Tax-Free Savings Account or Registered Retirement Savings Plan.

Algonquin Power & Utilities: A top dividend yield

Algonquin Power & Utilities (TSX:AQN)(NYSE:AQN) rose from a 52-week low of $13.84 to a 52-week high of $22.39 after the March 2020 market sell-off. At the time of writing, the stock is trading for $20.31 per share. The dividend yield of around 4% annually would provide a higher return than most savings accounts.

Algonquin Power & Utilities manages utility companies in Canada and the United States. Further, the utility firm supplies renewable and clean energy utilities, including hydroelectric, wind, solar, and thermal. In addition, it also operates natural gas, water, and wastewater collection utility services.

Algonquin Power experienced some minor complications from the COVID-19 pandemic. The firm had this to say about the impact of the health crisis on its second-quarter earnings results:

> "The COVID-19 pandemic and resulting business suspensions and shutdowns have changed consumption patterns of residential, commercial and industrial customers across all three modalities of utility services, including decreased consumption among certain commercial and industrial customers."

All in all, revenues remained at the same levels as they were last year at $343.6 million. Moreover, net earnings attributable to shareholders increased by 83% to $286.2 million from $156.6 million.

Fortunately, the firm is still reporting strong financials despite some shifts in usage among consumer groups. Therefore, Algonquin Power remains a top TSX utility stock to buy before October ends.

Fortis: Investing in renewable energy for growth

Fortis (TSX:FTS)(NYSE:FTS) fell to a 52-week low of $41.52 from a 52-week high of $59.28 during the March 2020 market sell-off. At the time of writing, the stock is trading for $53.52 per share. The annual dividend yield is around 3.75%.

Fortis provides electricity and gas utilities in Canada, the United States, and the Caribbean. Additionally, the company is investing in renewable energy to drive further growth. Fortis last reported earnings on July 30 set expectations for growth over the next five years:

> "The corporation's $18.8 billion five-year capital plan is expected to increase rate base from $28.0 billion in 2019 to $34.5 billion by 2022 and $38.4 billion by 2024, translating into three- and five-year compound annual growth rates of 7.2% and 6.5%, respectively. The capital plan reflects the continuation of key industry trends including grid modernization and the delivery of cleaner energy…"

Since renewable energy is the future, shareholders should be happy that Fortis is getting on board. Clean energy innovations could be a decent driver of growth for this utility stock. Thus, Fortis would be a great utility stock to add to your TFSA or RRSP.

Brookfield Renewable Partners: A dependable stock for your portfolio

Brookfield Renewable Partners (TSX:BEP.UN)(NYSE:BEP) rose from a 52-week low of $43.74 to a 52-week high of $76.80 after the March 2020 market sell-off. At the time of writing, the stock is trading for $70.40 per share. Brookfield issues a dependable dividend yield of approximately 3.23% annually.

Brookfield Renewable Partners boasts numerous renewable power generating facilities in North America, South America, Europe, and Asia, including hydroelectric, wind, and solar.

In its second-quarter 2020 financial results, Brookfield Renewable Partners stated that the COVID-19 pandemic "has not experienced the material impact on its operations, financial condition, cash flows, or financial performance that has been experienced by many other businesses." This is great news for fans of the Brookfield empire.

Despite all this, Brookfield Renewable Partners did experience some challenges related to the strengthening of the U.S. dollar relative to the Brazilian reais and Colombian peso. The unfavourable exchange rates decreased revenues by around US$61 million. Luckily, a US$47 million decrease in operating, interest, and depreciation expenses subject to foreign exchange partially offset the revenue decline.

Aside from some small setbacks, Brookfield Renewable Partners will remain a top TSX utility stock to buy for years to come. In fact, this is definitely one stock that every Canadian investor should buy and hold.

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2. NYSE:BEP (Brookfield Renewable Partners L.P.)
3. NYSE:FTS (Fortis Inc.)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
6. TSX:FTS (Fortis Inc.)

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