

SUPREME COURT OF THE PHILIPPINES
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Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

NATIONAL TRANSMISSION CORPORATION, as Transferee-in-Interest of the NATIONAL POWER CORPORATION, G.R. No. 223195
Present:

Petitioner,

PERLAS-BERNABE, S.A.J.,
Chairperson,
GESMUNDO,*
HERNANDO,**
INTING, and
DELOS SANTOS, JJ.

- versus -

SPOUSES MARIANO S. TAGLAO and CORAZON M. TAGLAO,
Respondents.

Promulgated:

29 JAN 2020

X-----X

DECISION

INTING, J.:

Before the Court is a Petition for Review on *Certiorari*¹ under Rule 45 of the Rules of Court, seeking to nullify and set aside the Decision² dated December 17, 2015 and the Resolution³ dated February 22, 2016 of the Court of Appeals (CA) in CA-G.R. CV No. 102782. The CA dismissed for lack of merit the appeal filed by the National Power Corporation (NPC) to the Decision⁴ dated January 13, 2003 of Branch 83, Regional Trial Court (RTC), Tanauan City, Batangas.

* Designated as additional member per Raffle dated January 6, 2020 in lieu of Associate Justice Andres B. Reyes, Jr., who recused from the case due to prior participation in the Court of Appeals.

** On official leave.

¹ *Rollo*, pp. 28-42.

² *Id.* at 47-56; penned by Associate Justice Romeo F. Barza with Presiding Justice Andres B. Reyes, Jr. (now a Member of this Court) and Associate Justice Agnes Reyes-Carpio, concurring.

³ *Id.* at 58-59.

⁴ *Id.* at 115-116; penned by Judge Voltaire Y. Rosales.

The Antecedents

The National Transmission Corporation (TRANSCO) is the transferee-in-interest of the NPC—a government entity created to undertake the development of hydroelectric generation of power and production of electricity from any and all sources. To carry out its purpose, NPC was given authority by Republic Act No. (RA) 6395⁵ to enter and acquire private properties.

To enable it to construct and maintain its Tayabas-Dasmariñas 500 KV Transmission Line Project, the NPC, on November 24, 1995, filed before the RTC a Complaint for Eminent Domain⁶ against the spouses Mariano and Corazon Taglao (Spouses Taglao), docketed as Civil Case No. C-034. The Spouses Taglao are the owners of a parcel of land covering an area of 5,143 square meters (sq.m.) situated at San Pioquinto, Malvar, Batangas. The NPC sought to acquire an easement of right of way over the 3,573-sq.m. portion (subject portion) of Spouses Taglao's property.

Spouses Taglao moved to dismiss the eminent domain case filed by the NPC.⁷ Meanwhile, the NPC filed an Urgent *Ex-Parte* Motion for the Issuance of a Writ of Possession⁸ over the subject property.

In the Order⁹ dated September 18, 1996, the RTC denied the Motion to Dismiss of Spouses Taglao and granted the NPC's Motion for the Issuance of a Writ of Possession over the subject portion of Spouses Taglao's property. In another Order¹⁰ dated June 23, 1999, the RTC thereafter declared as condemned the subject property.

On July 21, 1999, the RTC directed the parties to submit the names of their recommended commissioners for the purpose of determining just compensation.¹¹ The NPC recommended Engineer Moiselito C. Abcejo (Engr. Abcejo), while Spouses Taglao recommended Atty. Elueterio G. Zaballero (Atty. Zaballero).

⁵ Entitled "An Act Revising the Charter of the National Power Corporation" (September 10, 1971).

⁶ *Rollo*, pp. 60-66.

⁷ *Id.* at 68-72.

⁸ *Id.* at 73-75.

⁹ *Id.* at 87.

¹⁰ *Id.* at 88-89.

¹¹ *Id.* at 90.

On June 19 2001, the NPC's recommended commissioner, Engr. Abcejo, submitted a Commissioner's Report¹² recommending the amount of ₱156,690.44 as just compensation for the subject portion, broken down as follows: a) ₱4,490.44 as easement fee (10% of the fair market value of the subject portion based on Tax Declaration); b) ₱151,570.00 as the value of damaged improvements; and c) ₱300.00 as tower occupancy fee for two legs.

On the other hand, the commissioner for Spouses Taglao, Atty. Zaballero, submitted a Report recommending the amount of ₱12,858,000.00 as just compensation. The value was pegged at ₱2,500.00 per sq.m., the market value of the subject property as of August 15, 2000.

The Ruling of the RTC

In a Decision¹³ dated January 13, 2003, the RTC fixed the market value of the subject property at ₱1,000.00 per sq.m. by ruling in this wise:

The lot is unregistered and classified as orchard per Tax Declaration No. 014-00026 with a total area of 5,143 square meters. The affected area by the KV Tayabas-Dasmariñas transmission line project is 3,573 square meters and situated along a Barangay Road.

Based on the foregoing considerations, this Court fixes the market value at P 1,000.00 per square meter.

Considering that plaintiff is not seeking to purchase or acquire the areas affected but merely seeking for an easement of right-of-way, this Court fixes the just compensation at P509,170.00 applying the following formula[:]

$$\begin{aligned} \text{Easement Fee} &= \frac{\text{Market Value} \times \text{Area Affected} \times 10\%}{\text{Total Area}} \\ &= \frac{5,143,000 \times 3,573 \times 10\%}{5,143} \\ &= 357,300.00 \end{aligned}$$

$$\begin{aligned} \text{Tower Occupancy Fee for 2 legs at 150/sq.m.} &= \text{P } 300 \\ \text{Value of crops/plants/trees/improvements} &= \text{P } 151,570.00 \\ \text{TOTAL} &= 509,170.00^{14} \end{aligned}$$

¹² *Id.* at 91-93.

¹³ *Id.* at 115-116.

¹⁴ *Id.* at 116.

The NPC moved for reconsideration¹⁵ of the RTC Decision, but its motion for reconsideration was denied on August 8, 2007.¹⁶

The Ruling of the CA

Aggrieved, the NPC appealed before the CA. In the herein assailed Decision¹⁷ dated December 17, 2015, the CA denied the NPC's appeal and affirmed *in toto* the RTC's ruling.¹⁸

The NPC moved for a reconsideration of the CA's Decision, but its motion was denied in a Resolution¹⁹ dated February 22, 2016.

Hence, the instant petition.

The Court's Ruling

The TRANSCO imputes grave error on the part of the CA when it affirmed the RTC's ruling, which fixed the market value of the subject property at ₱1,000.00 per sq.m. It avers that just compensation must be determined as of the date of the taking of the property or the filing of the complaint, whichever came first. The TRANSCO points out that it filed the Complaint for Eminent Domain on November 24, 1995, and took possession of the subject property on October 9, 1996. The filing of the complaint taking place first, the NPC asserts that the compensation must be determined as of the time of its filing, not when it was taken in 1996.²⁰

Moreover, the TRANSCO argues that the RTC and CA's calculation of the just compensation was not based on any established rule, principle, or evidence. Per the TRANSCO, the RTC and the CA merely speculated and made a rough calculation of the just compensation. In affirming the RTC Decision, the CA made a speculation that "if in the year 2000, the value of the subject property was between ₱2,000.00 to ₱2,500.00 per sq.m., it could be safely

¹⁵ *Id.* at 117-120.

¹⁶ *Id.* at 122.

¹⁷ *Id.* at 47-56.

¹⁸ *Id.* at 55.

¹⁹ *Id.* at 58-59.

²⁰ *Id.* at 35-37.

inferred that the amount of ₱1,000.00 per sq.m., as pegged by the court *a quo*, was the fair market value in the year 1995, when the complaint for eminent domain was filed.” According to the NPC, such statement belonged to the realm of speculation.²¹

The petition is meritorious.

At the outset, the rule that only questions of law are the proper subject of a petition for review on *certiorari* under Rule 45 of the Rules of Court applies with equal force to expropriation cases.²² Unless the value of the expropriated property is grounded entirely on speculations, surmises or conjectures,²³ such issue is beyond the scope of the Court’s judicial review in a Rule 45 petition. The aforesaid exception obtains in the case at bar.

Just compensation is defined as the full and fair equivalent of the property taken from its owner by the expropriator.²⁴ It is that sum of money which a person desirous but not compelled to buy, and an owner willing but not compelled to sell, would agree on as price to be given and received therefor. The measure is not the taker’s gain, but the owner’s loss.²⁵

While market value may be one of the basis in the determination of just compensation, the same cannot be arbitrarily arrived at without considering the factors to be appreciated in arriving at the fair market value of the property, *e.g.*, the cost of acquisition, the current value of like properties, its size, shape, location, as well as the tax declarations thereon. Moreover, it should be borne in mind that just compensation should be computed based on the fair value of the property at the time of its taking or the filing of the complaint, whichever came first.²⁶

Here, the action for eminent domain was filed by the NPC on November 24, 1995. By virtue of the writ issued in favor of the NPC, it took possession of the subject property on October 9, 1996. Since the filing of the Complaint for Eminent Domain came ahead of the

²¹ *Id.* at 37-38.

²² *Republic v. Decena*, G.R. No. 212786, July 30, 2018.

²³ *National Power Corp. v. Bagui, et al.*, 590 Phil. 424, 433 (2008).

²⁴ *National Power Corporation v. Diato-Bernal*, 653 Phil. 345, 354 (2010).

²⁵ *National Power Corporation v. Tiangco*, 543 Phil. 637, 648 (2007).

²⁶ *National Power Corporation v. Sps. Zabala*, 702 Phil. 491, 505 (2013).

taking, just compensation should be based on the fair market value of Spouses Taglao's property at the time of the filing of the NPC's Complaint on November 24, 1995.

In this case, the valuation recommended by the commissioner for the NPC was ₱13,607 per sq.m.²⁷ The valuation was based on the market value stated on the property's Tax Declaration for December 29, 1993. The commissioner for Spouses Taglao, on the other hand, recommended a valuation of ₱2,500.00 per sq.m. This amount was in turn based on the market value of the property as of August 15, 2000.

We cannot uphold the valuations made by the respective commissioners as they were not based on the market value of the property at the time of the filing of NPC's complaint for eminent domain on November 24, 1995. The market value of the subject property could have been different in 1993 and in 2000. Moreover, the valuation of the commissioner for the NPC was arrived at by considering only the property's tax declaration, without taking into account other relevant factors, such as the property's cost of acquisition, the value of like properties in 1995, its size, shape, and location.

Not being reflective of the fair market value of the subject property, the RTC valued the affected lot at ₱1,000.00 per sq.m. by ruling in this wise:

The lot is unregistered and classified as orchard per Tax Declaration No. 014-00026 with a total area of 5,143 square meters. The affected area by the KV Tayabas-Dasmariñas transmission line project is 3,573 square meters and situated along a Barangay Road.

Based on the foregoing considerations, this Court fixes the market value at P 1,000.00 per square meter.²⁸

As could be gleaned from the RTC's disquisition, there is nothing in the RTC Decision which would show how it arrived at such valuation. The valuation at ₱1,000.00 per sq.m. was not also supported by any documentary evidence. Nevertheless, the CA affirmed the RTC's Decision and justified its ₱1,000 per sq.m. valuation in this wise:

²⁷ Based on the formula provided in the computation of easement fee
Amount per sq.m. = $\frac{\text{Market Value}}{\text{Total Area}}$

²⁸ *Rollo*, p. 116.

If in the year 2000, the value of the subject property was between Php2,000.00 to Php2,500 per square meter, it could safely be inferred that the amount of Php1,000.00 per square meter, as pegged by the court *a quo*, was the fair market value in the year 1995, when the complaint for eminent domain was filed.²⁹

A simple reading of the CA's Decision would signify that its conclusion was highly speculative and devoid of any actual and reliable basis. Although the determination of just compensation indeed lies within the trial court's discretion, it should not be done arbitrarily or capriciously. The valuation of courts must be based on all established rules, correct legal principles, and competent evidence. The courts are proscribed from basing their judgments on speculations and surmises. The findings of both the RTC and the CA not being based on well grounded data, it is incumbent upon the Court to disregard them.

Furthermore, not only that the market value fixed by the RTC was speculative, the computation by the trial court of the property's just compensation was also improperly made. According to the RTC, since the NPC was not seeking to acquire the subject property, but merely intends to establish an easement of right of way thereon, the NPC should only pay Spouses Taglao 10% of the market value of the subject portion in accordance to Section 3A of RA 6395, as amended by Presidential Decree (PD) No. 938.

The RTC and the CA computed the just compensation using the following formula:

$$\text{Just Compensation} = \frac{\text{Market Value} \times \text{Area Affected} \times 10\%}{\text{Total Area}}$$

We disagree. The just compensation should not only be 10% of the market value of the subject property.

In several cases, the Court struck down reliance on Section 3A of RA 6395, as amended by PD No. 938. True, an easement of a right of way transmits no rights except the easement itself, and the respondents would retain full ownership of the property taken. Nonetheless, the acquisition of such easement is not *gratis*. The limitations on the use of the property taken for an indefinite period would deprive its owner of the normal use thereof. For this reason, the latter is entitled to payment of a

²⁹ *Id.* at 53.

just compensation, which must be neither more nor less than the monetary equivalent of the land taken.³⁰

Citing the case of *National Power Corporation v. Tiangco*,³¹ the Court in *National Power Corporation v. Sps. Asoque*³² elucidated:

While the power of eminent domain results in the taking or appropriation of title to, and possession of the expropriated property, no cogent reason appears why said power may not be availed of to impose only a burden upon the owner of the condemned property, without loss of title and possession. However, if the easement is intended to perpetually or indefinitely deprive the owner of his proprietary rights through the imposition of conditions that affect the ordinary use, free enjoyment and disposal of the property or through restrictions and limitations that are inconsistent with the exercise of the attributes of ownership, or when the introduction of structures or objects which, by their nature, create or increase the probability of injury, death upon or destruction of life and property found on the land is necessary, then the owner should be compensated for the monetary equivalent of the land, x x x.³³

In this case, the TRANSCO needed to acquire easement on the subject property to enable it to construct and maintain its Tayabas-Dasmariñas 500 KV Transmission Line Project. Certainly the high-tension current to be conveyed through said transmission lines poses danger to life and limb; or possible injury, death or destruction to life and property within the vicinity. Considering that the installation of the power lines would definitely deprive Spouses Taglao of the normal use of their property, they are entitled to the payment of a just compensation, which is neither more nor less than the monetary equivalent of the subject property.

In view of the foregoing, the computation by the RTC of the just compensation should be done using the following formula:

$$\begin{aligned} \text{Just Compensation} &= \frac{\text{Total Market Value} \times \text{Area Affected}}{\text{Total Area}}^{34} \\ &= \frac{\text{Total Market Value} \times 3,573 \text{ sq.m.}}{5,143 \text{ sq.m.}} \end{aligned}$$

³⁰ *National Power Corporation v. Tiangco*, *supra* note 25 at 649, citing *NPC v. Manubay Agro-Industrial Development Corp.*, 480 Phil. 470, 479 (2004).

³¹ 543 Phil. 637 (2007).

³² 795 Phil. 19 (2016).

³³ *Id.* at 47.

³⁴ The standard formula used by the Court, such as in *National Power Corp. v. Judge Paderanga*, 502 Phil. 722 (2005).

The subject property's market value should be fixed by the RTC taking into consideration the cost of acquisition of the land involved, the current value of like properties, its size, shape, location, as well as the tax declarations thereon, at the time of the filing of the NPC's complaint.³⁵

In light of the foregoing, the Court sets aside the Decision and the Resolution of the CA. The Court has no alternative but to remand the case to the court of origin for the proper determination of just compensation.

The unpaid balance of the just compensation shall earn legal interest at the rate of 12% *per annum* from the time of the filing of the complaint on November 24, 1995. The 12% *per annum* rate of legal interest is only applicable until June 30, 2013. Thereafter, or beginning July 1, 2013, until fully paid, the just compensation due to Spouses Taglao shall earn interest at the rate 6% *per annum*,³⁶ in line with Bangko Sentral ng Pilipinas Monetary Board (BSP-MB) Circular No. 799, Series of 2013. Prevailing jurisprudence³⁷ has upheld the applicability of BSP-MB Circular No. 799, Series of 2013 to forbearances of money in expropriation cases.³⁸

WHEREFORE, the instant petition is **GRANTED**. The Decision dated December 17, 2015 and the Resolution dated February 22, 2016 of the Court of Appeals in CA-G.R. CV No. 102782 are **SET ASIDE**. The case is ordered **REMANDED** to the court of origin for the proper determination of the amount of just compensation based on the pronouncements at bar, with legal interest at the rate of 12% *per annum* on the unpaid balance of the just compensation, reckoned from the date of the filing of the complaint on November 24, 1995 to June 30, 2013, and, thereafter, at 6% *per annum* until full payment.


SO ORDERED.

³⁵ *National Power Corp. v. Bagui, et al.*, *supra* note 23 at 434 (2008), citing *Land Bank of the Phil. v. Wycoco*, 464 Phil. 83, 97 (2004).

³⁶ *Felisa Agricultural Corp. v. National Transmission Corp.*, G.R. Nos. 231655 & 231670, July 2, 2018.


³⁷ See *Evergreen Manufacturing Corp. v. Rep. of the Phils.*, 817 Phil. 1048 (2017); *Land Bank of the Phils. v. Omengan*, 813 Phil. 901 (2017); *National Power Corporation v. Heirs of Gregorio Ramoran, et al.*, 787 Phil. 77 (2016).

³⁸ *Republic v. Macabagdal*, G.R. No. 227215, January 10, 2018, 850 SCRA 501, 507-508.


HENRI JEAN PAUL B. INTING
Associate Justice

WE CONCUR:


ESTELA M. BERLAS-BERNABE
Senior Associate Justice
Chairperson



ALEXANDER G. GESMUNDO
Associate Justice

(On official leave)
RAMON PAUL L. HERNANDO
Associate Justice


EDGARDO L. DELOS SANTOS
Associate Justice

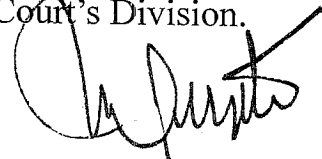
ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.


ESTELA M. BERLAS-BERNABE
Senior Associate Justice
Chairperson

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



DIOSDADO M. PERALTA
Chief Justice

