



Republic of the Philippines  
Supreme Court  
Manila

SECOND DIVISION

NATIONAL POWER CORPORATION,  
Petitioner,

G.R. No. 169957

- versus -

SPS. FLORIMON V. ILETO and  
ROWENA NOLASCO, SPS. SERAFIN  
VALERO and TERESITA GONZALES,  
SPS. CORNELIO VALDERAMA  
and REMEDIOS CRUZ, SPS.  
ALEJANDRINO VALDERAMA and  
TEODORA STA. MARIA, RENATO  
VALDERAMA, all represented by  
SPS. CORNELIO VALDERAMA and  
REMEDIOS CRUZ;

HEIRS OF APOLONIO DEL ROSARIO,  
represented by RICARDO DEL  
ROSARIO;

DANILO BRILLO, WILFREDO  
BRILLO, REYNALDO BRILLO,  
THELMA BRILLO BORDADOR, and  
MA. VICTORIA BRILLO VILLARICO,  
represented by DANILO BRILLO;

SPS. RUDY and MODESTA VELASCO;

ROSEMARIE FUKUSUMI (vendee)/  
DANILO HERRERA (vendor);

HEIRS OF SOFIA MANGAHAS VDA.  
DE SILVA, ROGELIO DE SILVA,  
APOLONIA DE SILVA GENER, and

**LUCIO DE SILVA, ali represented by  
ROGELIO DE SILVA;**

**and, FRANCISCA MATEO-EUGENIO,**  
Respondents.

X-----X

**DANILO BRILLO, WILFREDO  
BRILLO, LAURO BRILLO,  
REYNALDO BRILLO, THELMA  
BRILLO BORDADOR, the minor  
RIKKA OLGA VILLARICO,  
KRISTIAN GERALD VILLARICO,  
DEAN MARBIEN VILLARICO, herein  
represented by their legal guardian  
WILFREDO BRILLO,**  
Petitioners,

**G.R. No. 171558**


Present:

CARPIO, J., Chairperson,  
BRION,  
PEREZ,  
SERENO, and  
REYES, JJ.

- versus -

Promulgated:

**NATIONAL POWER CORPORATION,**  
Respondent.

  
JUL 11 2012

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## DECISION

**BRION, J.:**

We resolve the consolidated petitions for review on *certiorari* assailing the decision<sup>1</sup> of the Court of Appeals (CA) in CA-G.R. CV No. 72723 dated September 30, 2005, as well as the appellate court's resolution<sup>2</sup> dated February 14, 2006 denying the motions for reconsideration of Danilo Brillo, Wilfredo Brillo, Lauro Brillo, Reynaldo Brillo, Thelma Brillo Bordador, Spouses Rudy Velasco and Modesta Velasco, and Spouses Serafin Valero and Teresita Valero. The assailed CA decision affirmed with modification the decision of the Regional Trial Court (RTC), Branch 17, Malolos, Bulacan, in Civil Case No. 796-M-97.

<sup>1</sup> Rollo, G.R. No. 169957, pp. 65-83. Penned by Associate Justice Santiago Javier Ranada, and concurred in by Associate Justices Mario L. Guariña III and Jose Catral Mendoza (now a member of this Court).

<sup>2</sup> *Id.* at 85.



**BACKGROUND FACTS**

On October 7, 1997, the National Power Corporation (*NPC*) filed a complaint, which was subsequently amended, seeking to expropriate certain parcels of land in Bulacan, in connection with its Northwestern Luzon Transmission Line project. Specifically, the NPC sought to expropriate the following:

OWNER	LOCATION	TITLE NO.	AFFECTED AREA
1. Sps. Florimon Ileta and Rowena Nolasco	Sapang Putol, San Ildefonso, Bulacan	T-36242	42 sqm.
2. Sps. Florimon Ileta and Rowena Nolasco	- do -	CLOA T-6277	2,780 sqm.
3. Sps. Serafin Valero and Teresita Gonzales	BMA, Balagtas, San Rafael, Bulacan	CLOA T-1612	8,157.5 sqm.
4. Sps. Serafin Valero and Teresita Gonzales	- do -	CLOA T-1953	7,078 sqm.
5. Sps. Cornelio Valderama and Remedios Cruz	Maronquillo, San Rafael, Bulacan	CLOA T-2700	9,784 sqm.
6. Heirs of Apoloni[o] del Rosario	Salakot, San Miguel, Bulacan		16,930 sqm.
7. Danilo Brillo et al.	Gulod, Meycauayan, Bulacan	CLOA T-7844	15,706 sqm.
8. Sps. Modesta and Rudy Velasco	499 San Juan St., Rio Vista, Sabang, Baliuag, Bulacan	T-90121	16,608 sqm.
9. Rosemarie Fukosumi/ Danilo Herrera	Sapang Palay, San Jose del Monte, Bulacan		1,841.76 sqm.
10. Heirs of Sofia Mangahas	Tigbe, Norzagaray		9,186 sqm.
11. Francisca Mateo-Eugenio	Tigbe, Norzagaray		984 sqm. <sup>3</sup>

On October 22, 1997, the NPC deposited with the Land Bank of the Philippines the amount of ₱204,566.60, representing the initial provisional value of the properties sought to be expropriated. Consequently, the NPC received actual possession of these properties on December 16, 1997.<sup>4</sup>

<sup>3</sup> CA rollo, pp. 64-65.  
<sup>4</sup> Rollo, p. 68.

To determine the issue of just compensation, the RTC constituted a team of commissioners,<sup>5</sup> composed of the following: Atty. Luis Manuel Bugayong, representing the NPC; *Barangay* Captain Manuel Villacorta, representing the defendants; and Branch Clerk of Court Ariston Tayag, acting as the Chairperson.<sup>6</sup>

On September 23, 1998, the Heirs of Sofia Mangahas and the NPC filed with the RTC a jointly executed compromise agreement where they agreed that NPC would acquire 13,855 square meters of the 95,445 square meter property owned by the Heirs of Sofia Mangahas. In turn, the NPC would pay the Heirs of Sofia Mangahas the total amount of ₱3,463,750.00 as just compensation for the property, with an assessed value of ₱250.00 per square meter. **The RTC found the compromise agreement to be proper, and rendered a partial decision approving it on September 28, 1998.**<sup>7</sup>

Since Commissioner Bugayong, representing the NPC, could not agree with the other commissioners on the manner of valuation, he chose to submit a separate report on February 25, 1999. He recommended in this separate report that the NPC pay an easement fee of 10% of ₱85.00 per square meter<sup>8</sup> for the agricultural land that would merely be traversed by the transmission lines, full market value for the land on which the steel towers would actually be constructed, plus the cost of crops and other improvements actually damaged during construction.<sup>9</sup>

In turn, Commissioner Tayag and Commissioner Villacorta submitted their report on March 4, 1999, recommending that the just compensation for all the affected lands be pegged at ₱250.00 per square meter. The report took into account another commissioners' report in a different expropriation case filed by the NPC that was pending before Branch 10 of the same court,<sup>10</sup>

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<sup>5</sup> Pursuant to Section 5, Rule 67 of the Rules of Court.

<sup>6</sup> *CA rollo*, p. 66.

<sup>7</sup> *Id.* at 79-84.

<sup>8</sup> Based on the value of land fixed in the NPC Board Resolution Schedule of Fair Market Values.

<sup>9</sup> *Rollo*, G.R. No. 169957, p. 70.

<sup>10</sup> Docketed as Civil Case No. 690-M-97.

which fixed the just compensation per square meter of agricultural lands at ₱265.00, residential land at ₱1,540.00, and commercial land at ₱2,300.00. In the end, however, the commissioners were greatly persuaded by the value fixed in the compromise agreement between NPC and the Heirs of Sofia Mangahas.

The commissioners' report was set for hearing on June 7, 1999, where the Sps. Florimon V. Ilete and Rowena Nolasco, the Sps. Valero and the Brillos manifested their consent to the recommended price of ₱250.00 per square meter. Consequently, on August 20, 1999, the RTC approved the report submitted by Commissioner Tayag and Commissioner Villacorta, and rendered a decision. The RTC subsequently issued an amended decision dated September 16, 1999 to reflect the corrected spelling of the landowners' surnames and locations of properties found in the original decision. The dispositive portion of the amended decision reads:

WHEREFORE, in the light of all the foregoing, the following properties are hereby expropriated in favor of the Government:

1. 42 square meters of the land of Sps. Florimon Ilete & Rowena Nolasco situated at Sapang Putol, San Ildefonso, Bulacan covered by TCT No. T-36242 whose technical description is mentioned in Annex A of the Second Amended Complaint (p. 149, Record);
2. 2,780 square meters of the land of Sps. Florimon Ilete & Rowena Nolasco situated at Sapang Putol, San Ildefonso, Bulacan covered by CLOA-T-6277 whose technical description is mentioned in Annex B of the Second Amended Complaint (p. 150, Record);
3. 999 square meters of the land of Sps. Serafin Valero & Teresita Gonzales situated at BMA, Balagtas, San Rafael, Bulacan covered by CLOA T-1612 whose technical description is mentioned in Annex C of the Second Amended Complaint (p. 151, Record);
4. 8,954 square meters of the land of Sps. Serafin Valero & Teresita Gonzales situated at BMA, Balagtas, San Rafael, Bulacan covered by CLOA T-1953 whose technical description is mentioned in Annex D of the Second Amended Complaint (p. 152, Record);
5. 9,784 square meters of the land of Sps. Cornelio Valderama & Remedios Cruz situated at Moronquillo, San Rafael,

Bulacan covered by CLOA T-2700, whose technical description is mentioned in Annex E of the Second Amended Complaint (p. 153, Record);

- 6. 16,930 square meters of the land of the Heirs of Apolonio del Rosario situated at Salakot, San Miguel, Bulacan whose technical description is mentioned in Annex F of the Second Amended Complaint (p. 154, Record);
- 7. 15,706 square meters of the land of Danilo Brillo, Lauro Brillo, Wilfredo Brillo, Reynaldo Brillo, Thelma Brillo-Bordador and Ma. Victoria Brillo-Villarico situated at Garlang (Anyatam), San Ildefonso, Bulacan covered by CLOA T-7844 whose technical description is mentioned in Annex G of the Second Amended Complaint (p. 155, Record);
- 8. 16,608 square meters of the land of Spouses Modesta and Rudy Velasco situated at 499 San Juan St., Rio Vista, Sabang, Baliuag, Bulacan covered y T-90121 whose technical description is mentioned in Annex H of the Second Amended Complaint (p. 156, Record);
- 9. 1,841.76 square meters of the land of Rosemarie Fuk[o]sumi/Danilo Herrera situated at Sapang Palay, San Jose del Monte, Bulacan whose technical description is mentioned in Annex I of the Second Amended Complaint (p. 157, Record);
- 10. 984.72 square meters of the land of Francisca Mateo-Eugenio situated at Tigbe, Norzagaray, Bulacan whose technical description is mentioned in Annex K of the Second Amended Complaint (p. 159, Record).

As a consequence, the Court hereby allows the National Power Corporation to remain in possession of the aforementioned areas which it had entered on December 16, 1997 and further orders it to pay the respective owners thereof the following just compensation, with legal interest from the taking of possession (Sec. 10, Rule 67 of [the] 1997 Rules of Civil Procedure), and after deducting the sums due the Government for unpaid real estate taxes and other charges:

OWNER	JUST COMPENSATION
1. Sps. Florimon Ileta & Rowena Nolasco	₱10,500.00 for the land covered by TCT No. 36242  ₱695,000.00 for the land covered by CLOA T-6277
2. Sps. Serafin Valero & Teresita Gonzales	₱249,750.00 for the land covered by CLOA-T-1612  ₱2,238,500.00 for the land covered by CLOA T-1953

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|----|---|--|
| 3. | Sps. Cornelio Valderama & Remedios Cruz | ₱2,446,000.00 for the land covered by CLOA T-2700              |
| 4. | Heirs of Apolonio del Rosario           | ₱4,232,500.00 for their land at Salakot, San Miguel, Bulacan   |
| 5. | Danilo Brillo, et al[.]                 | ₱3,926,500.00 for the land covered by CLOA T-7844              |
| 6. | Sps. Modesta & Rudy Velasco             | ₱4,152,000.00 for their land at Sabang, Baliuag                |
| 7. | Rosemarie Fukosumi Danilo Herrera       | ₱460,440.00 for their land at Sapang Palay, San Jose del Monte |
| 8. | Francisca Mateo Eugenio                 | ₱246,180.00 for her land at Tigbe, Norzagaray                  |

The plaintiff is further directed to pay the defendants the respective sums due them within sixty (60) days from the registration of this decision with the Registry of Deeds of Bulacan or other government agencies concerned and the issuance of the corresponding titles in the name of the plaintiff.

Let a copy of this Decision be furnished the Office of the Register of Deeds of Bulacan which is directed to register it as a memorandum on the titles concerned and to issue forthwith in favor of the plaintiff such titles over the expropriated areas described in the foregoing paragraphs.<sup>11</sup>

After the RTC denied NPC's motion for reconsideration, the Office of the Solicitor General (*OSG*), representing the NPC, filed an appeal with the CA, assailing the approval of the compromise agreement between the Heirs of Sofia Mangahas and the NPC, as well as the propriety of paying just compensation instead of merely the 10% easement fee prescribed in Section 3A of Republic Act No. 6395, as amended.

### **THE CA RULING**

In its September 30, 2005 decision, the CA held that since the OSG had not been served with a copy of the partial decision that approved the compromise agreement between the NPC and the Heirs of Sofia Mangahas, this decision did not become final and executory, and could thus be properly questioned by the OSG.

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<sup>11</sup> CA rollo, pp. 74-76.

The CA affirmed the validity of the compromise agreement between the Heirs of Sofia Mangahas and the NPC, noting that the NPC was represented by its duly authorized representative, Thomas Agtarap, the Vice President for Projects Management and Engineering Services, *via* NPC Board Resolution No. 97-246. The CA also upheld the ₱250.00 valuation fixed in the compromise agreement, on the ground that this is the amount of just compensation for residential lands listed by the NPC in its Board Resolution No. 97-246, and the portion of land expropriated by the NPC is classified as residential land.

However, the CA held that the RTC erred when it fixed the valuation of the other expropriated lands at ₱250.00, distinguishing the lands owned by the Heirs of Sofia Mangahas from the other expropriated lands, based on their classification. **The CA thus computed the value of the other expropriated lands owned by the Sps. Iletto, Rosemarie Fukosumi or Danilo Herrera, and Francisca Mateo Eugenio, based on the schedule of fair market values attached to NPC Board Resolution No. 97-246.**

On the other expropriated lands, the CA found that it could not fix the value of just compensation of these properties because the schedule of fair market values for lands in their areas in Bulacan had not been submitted as evidence. **The CA thus instructed the RTC to fix the just compensation of these properties, based on the appropriate schedule of fair market values.**

Lastly, the CA held that the amounts that the NPC had already paid the landowners corresponding to the easement fee or tower occupancy fee should be deducted from the just compensation to be awarded to each landowner. The dispositive portion of the CA decision reads:

***WHEREFORE*, the decision appealed from is *AFFIRMED* with *MODIFICATION*.**

Let just compensation be paid to the following defendants, as follows:



Sps. Florimon Iletto & Rowena Nolasco	₱ 27,300.00
Sps. Florimon Iletto & Rowena Nolasco	₱166,800.00
Rosemarie Fuk[o]sumi/Danilo Herrera	₱919,008.30
Francisca Mateo Eugenio	₱ 56,129.04

The trial court is directed to compute the just compensation of the other defendants' properties based on the classification of each, in accordance with the schedule of fair market values of the National Power Corporation for the Northwestern Luzon Transmission Line, less the initial fees paid to the defendants as easement fees or tower occupancy fees.<sup>12</sup> (emphases and italics supplied)

Danilo Brillo, et al., Sps. Velasco, and Sps. Valero filed separate motions for reconsideration to assail the CA decision, which were all subsequently denied in the CA's February 14, 2006 resolution.

### **THE PRESENT PETITIONS**

On April 6, 2006, Danilo Brillo, et al., filed a petition for review on *certiorari* with the Court, docketed as **G.R. No. 171558**, assailing the CA's instruction to the RTC to apply the schedule of fair market values attached to NPC Board Resolution No. 97-246, to determine just compensation for their lands.

In turn, the OSG, representing the NPC, filed a petition for review on *certiorari* with the Court on April 7, 2006, docketed as **G.R. No. 169957**, to question the validity of the compromise agreement between the NPC and the Heirs of Sofia Mangahas. The OSG also claimed that the RTC erred when it decided to pay the landowners just compensation for the acquisition of the subject properties instead of paying the rate fixed for an aerial easement of right of way.

Lastly, the Sps. Iletto filed a petition for review on *certiorari*, docketed as G.R. No. 171583. However, the Court denied this petition for lack of merit in its April 17, 2006 Resolution.

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<sup>12</sup> Rollo, G.R. No. 169957, p. 82.

On October 3, 2007, the Court issued a Resolution, ordering the consolidation of G.R. Nos. 169957 and 171558.

### **THE ISSUES**

The OSG cites the following grounds in support of its petition in G.R. No. 169957:

#### **I**

The Compromise Agreement entered into between petitioner NPC and the heirs of Sofia Mangahas vda. De Silva is null and void.

#### **II**

The trial court erred in fixing the amount of just compensation purportedly for the acquisition of the property despite the fact that the NPC acquired only an aerial easement of right of way over the agricultural lands of respondents.

#### **III**

The easement fees paid to respondents heirs of Apolonio Del Rosario, Spouses Cornelio and Remedios Valderama, and Spouses Rudy and Modesta Velasco should be deducted from the correct amount of easement fee or just compensation to which they are entitled.<sup>13</sup>

On the other hand, the Brillos raise the following questions of law in their petition in G.R. No. 171558:

- [a] Is the National Power Corporation Board Resolution No. 97-246 (Napocor Schedule of Fair Market Value) valid or constitutional and does it bind the lot owners whose land is now the subject of xxx expropriation proceeding filed by the said National Power Corporation.

xxxx

- [b] Can the Court of Appeals impose upon the trial court to follow the Napocor Board Resolution No. 97-246 in the determination of the just compensation of the petitioners' land, despite the fact that this resolution was never xxx presented during the trial nor mentioned, nor included in the decision rendered by the lower court nor raise[d] as an error by the Napocor in their appeal and totally disregard the result and findings of the trial court as to the just compensation of the petitioners' land which was reached after due

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<sup>13</sup>

*Id.* at 46-47.

hearing and recommendation of the court appointed commissioners.<sup>14</sup>

In sum, the issues for resolution are:

- (1) WHETHER THE CA ERRED IN AFFIRMING THE VALIDITY OF THE COMPROMISE AGREEMENT BETWEEN THE NPC AND THE HEIRS OF SOFIA MANGAHAS;
- (2) WHETHER THE CA ERRED WHEN IT HELD THAT THE NPC HAD TO PAY JUST COMPENSATION TO THE LANDOWNERS INSTEAD OF A MERE AERIAL EASEMENT FEE FOR THE SUBJECT PROPERTIES; and
- (3) WHETHER THE CA ERRED IN USING THE SCHEDULE OF FAIR MARKET VALUES ATTACHED TO NPC BOARD RESOLUTION NO. 97-246 TO DETERMINE THE JUST COMPENSATION OF THE OTHER SUBJECT PROPERTIES.

### **THE COURT'S RULING**

**We find the petition filed by the Brillos partially meritorious.**

#### ***Procedural issue***

We state at the outset that this Court already denied the petition for review on *certiorari* filed by the Sps. Ileto (docketed as G.R. No. 171583) in our Resolution dated April 17, 2006. This denial had the effect of making the assailed CA judgment final as to the Sps. Ileto, but ***only to prevent them from seeking any other affirmative relief from this Court.*** We note, that the NPC included the Sps. Ileto as respondents in the appeal they filed before this Court. They are thus parties to the case with respect to the issues raised in the NPC's appeal. Accordingly, the Court's determination on the issue raised by the NPC with respect to the propriety of the manner of computing just compensation will also be binding on the Sps. Ileto.<sup>15</sup>

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<sup>14</sup> Rollo, G.R. No. 171558, pp. 16-17.

<sup>15</sup> See *Session Delights Ice Cream and Fast Foods v. Court of Appeals*, G.R. No. 172149, February 8, 2010, 612 SCRA 10, 20-21.

### ***Validity of the compromise agreement***

In assailing the compromise agreement between the NPC and the Heirs of Sofia Mangahas on the ground that the valuation is based on the erroneous classification of the land as residential, the OSG essentially asks this Court to determine whether the land subject of the assailed compromise agreement is residential or agricultural in nature. *This is clearly a factual question*, requiring as it does a review of the evidence introduced in, and considered by, the tribunals below.<sup>16</sup> Thus, this question is not reviewable by this Court in a petition for review on *certiorari* under Rule 45 of the Rules of Court. While jurisprudence has established several exceptions to this rule,<sup>17</sup> we find that none of them apply under the present circumstances.

Moreover, it is a settled doctrine that a compromise agreement, once approved by final order of the court, has the force of *res judicata* between the parties and cannot be disturbed except for vices of consent or forgery. We said in *Republic v. Florendo*:<sup>18</sup>

When a compromise agreement is given judicial approval, it becomes more than a contract binding upon the parties. Having been sanctioned by the court, it is a determination of the controversy and has the force and effect of a judgment. **It is immediately executory and not appealable, except for vices of consent, forgery, fraud, misrepresentation and coercion.** Thus, although a compromise agreement has the effect and authority of *res judicata* upon the parties even without judicial approval, no execution may issue until it has received the approval of the court where the litigation is pending and

<sup>16</sup> See *Puse v. Delos Santos-Puse*, G.R. No. 183678, March 15, 2010, 615 SCRA 500.

<sup>17</sup> These exceptions are as follows:

- (1) When the conclusion is a finding grounded entirely on speculation, surmises and conjectures;
- (2) When the inference made is manifestly mistaken, absurd or impossible;
- (3) Where there is a grave abuse of discretion;
- (4) When the judgment is based on a misapprehension of facts;
- (5) When the findings of fact are conflicting;
- (6) When the Court of Appeals, in making its findings, went beyond the issues of the case and the same is contrary to the admissions of both appellant and appellee;
- (7) When the findings are contrary to those of the trial court;
- (8) When the findings of fact are conclusions without citation of specific evidence on which they are based;
- (9) When the facts set forth in the petition as well as in the petitioners' main and reply briefs are not disputed by the respondents; and
- (10) When the findings of fact of the Court of Appeals are premised on the supposed absence of evidence and contradicted by the evidence on record. (*Cirtek Employees Labor Union-Federation of Free Workers v. Cirtek Electronics, Inc.*, G.R. No. 190515, June 6, 2011), 650 SCRA 656, 660.

<sup>18</sup> G.R. No. 166866, March 27, 2008, 549 SCRA 527, 536.

compliance with the terms of the agreement is thereupon decreed.  
[emphasis ours]

The pleadings submitted in the present case reveal that there has never been any allegation that the assailed compromise agreement suffers from any of the vices of consent or forgery. Neither has the OSG ever claimed that the NPC was defrauded or coerced into agreeing to the compromise agreement. There is, evidently, no legal basis to question the validity of the compromise agreement.

Lastly, we reiterate that compromises are favored and encouraged by the courts,<sup>19</sup> and parties are bound to abide by them in good faith.<sup>20</sup> Since compromise agreements have the force of law between the parties, no party may discard them unilaterally.<sup>21</sup> This is especially true under the present circumstances, where the NPC has already enjoyed the benefits of the assailed compromise agreement, having been in possession of the subject land since 1998.

### ***NPC's power of eminent domain***

Republic Act No. 6395, entitled "An Act Revising the Charter of the National Power Corporation," grants the NPC the power to acquire "property incident to, or necessary, convenient or proper to carry out the purposes for which [it] was created,"<sup>22</sup> namely: the construction of generation and transmission facilities to provide electricity for the entire country.

In an effort to streamline the NPC's exercise of this power, Section 3A of Republic Act No. 6395 provides:

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<sup>19</sup> *Olaybar v. NLRC*, G.R. No. 108713, October 28, 1994, 237 SCRA 819, 823.

<sup>20</sup> *Clark Development Corporation v. Mondragon Leisure and Resorts Corporation*, G.R. No. 150986, March 2, 2007, 517 SCRA 203, 219, citing *Ramnani v. Court of Appeals*, 413 Phil. 195, 207 (2001).

<sup>21</sup> *Hernaez v. Yan Kao*, 123 Phil. 1147, 1153 (1966).

<sup>22</sup> Section 3(h) of RA No. 6395, as amended.

Section 3A. In acquiring private property or private property rights through expropriation proceedings where the land or portion thereof will be traversed by the transmission lines, **only a right-of-way easement** thereon shall be acquired when the principal purpose for which such land is actually devoted will not be impaired, and where the land itself or portion thereof will be needed for the projects or works, such land or portion thereof as necessary shall be acquired.

XXX

(b) **With respect to the acquired right-of-way easement over the land or portion thereof, not to exceed ten percent (10%) of the market value** declared by the owner or administrator or anyone having legal interest in the property, or such market value as determined by the assessor whichever is lower.

In addition to the just compensation for easement of right-of-way, the owner of the land or owner of the improvement, as the case may be, shall be compensated for the improvements actually damaged by the construction and maintenance of the transmission lines, in an amount not exceeding the market value thereof as declared by the owner or administrator, or anyone having legal interest in the property, or such market value as determined by the assessor whichever is lower; Provided, that in cases any buildings, houses and similar structures are actually affected by the right-of-way for the transmission lines, their transfer, if feasible, shall be effected at the expense of the Corporation; Provided, further, that such market value prevailing at the time the Corporation gives notice to the landowner or administrator or anyone having legal interest in the property, to the effect that his land or portion thereof is needed for its projects or works shall be used as basis to determine the just compensation therefor."

The NPC, relying on the above-quoted provision, argues that the CA erred when it ordered the payment of just compensation for the properties in question, given that most of the properties were subject only to an aerial easement of right of way, with the NPC requiring the use of the area above the subject lands for its transmission lines.

We have already established in a number of cases<sup>23</sup> the flaw behind the NPC's argument. At the heart of this argument is the mistaken assumption that what are involved are mere liens on the property in the form of aerial easements. While it may be true that the transmission lines merely pass over the affected properties, the easement imposes the additional

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<sup>23</sup> See *National Power Corporation v. Vda. De Capin*, G.R. No. 175176, October 17, 2008, 569 SCRA 648; *National Power Corporation v. Bagui*, G.R. No. 164964, October 17, 2008, 569 SCRA 401; *National Power Corporation v. Bongbong*, G.R. No. 164079, April 3, 2007, 520 SCRA 290; *National Power Corp. v Judge Paderanga*, 502 Phil. 722 (2005); and *National Power Corporation v. Chiong*, G.R. No. 152436, June 20, 2003, 404 SCRA 527.

limitation that the landowners are prohibited from constructing any improvements or planting any trees that exceed three (3) meters within the aerial right of way area. This prohibition clearly interferes with the landowners' right to possess and enjoy their properties.

As we explained in *National Power Corporation v. Manubay Agro-Industrial Development Corporation*:<sup>24</sup>

Granting *arguendo* that what petitioner acquired over respondent's property was purely an easement of a right of way, still, we cannot sustain its view that it should pay only an easement fee, and not the full value of the property. The acquisition of such an easement falls within the purview of the power of eminent domain. This conclusion finds support in similar cases in which the Supreme Court sustained the award of just compensation for private property condemned for public use. *Republic v. PLDT* held thus:

"x x x. Normally, of course, the power of eminent domain results in the taking or appropriation of title to, and possession of, the expropriated property; but no cogent reason appears why the said power may not be availed of to impose only a burden upon the owner of condemned property, without loss of title and possession. It is unquestionable that real property may, through expropriation, be subjected to an easement of right of way."

True, an easement of a right of way transmits no rights except the easement itself, and respondent retains full ownership of the property. The acquisition of such easement is, nevertheless, not *gratis*. As correctly observed by the CA, considering the nature and the effect of the installation power lines, the limitations on the use of the land for an indefinite period would deprive respondent of normal use of the property. For this reason, the latter is entitled to payment of a just compensation, which must be neither more nor less than the monetary equivalent of the land.<sup>25</sup> [citations omitted]

Apart from interfering with the attributes of ownership, we have articulated in our observation in *National Power Corp. v. Sps. Gutierrez*<sup>26</sup> that these transmission lines, because of the high-tension current that passes through them, pose a danger to the lives and limbs of those in the surrounding areas, and, thus, serve to limit the activities that can be done on these lands.

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<sup>24</sup> G.R. No. 150936, August 18, 2004, 437 SCRA 60.

<sup>25</sup> *Id.* at 67-68.

<sup>26</sup> 271 Phil. 1 (1991).

We also declared in *National Power Corporation v. Purefoods Corporation*<sup>27</sup> that Section 3A of Republic Act No. 6395, as amended (which provides a fixed formula in the computation of just compensation in cases of acquisition of easements of right of way) is not binding upon this Court. This is in keeping with the established rule that the determination of "just compensation" in eminent domain cases is a judicial function.<sup>28</sup>

### ***Determination of just compensation***

Having established the necessity of paying the landowners just compensation for the affected properties instead of mere easement fees, we move on to the issue of the amount of just compensation.

#### ***(a) CA valuation is not supported by evidence***

In the present case, the CA set aside the RTC ruling that fixed the just compensation of all the subject properties at ₱250.00 per square meter, and held that since the RTC had accepted the values in the Schedule of Fair Market Values contained in NPC Board Resolution No. 97-246 as correct, it should have applied these values in determining the just compensation of the subject lands.<sup>29</sup>

The Brillos disagree with this point, arguing that the determination of just compensation is a judicial function that cannot be left to the discretion of the expropriating agency. To counter the CA's statement that the RTC accepted the appraised values contained in the Schedule of Fair Market Values of NPC Board Resolution No. 97-246, the Brillos point out that there is nothing in the RTC decision that would indicate that it accepted these values. The Brillos add that NPC Board Resolution No. 97-246 was never even presented during the trial or offered in evidence as regards the validity

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<sup>27</sup> G.R. No. 160725, September 12, 2008, 565 SCRA 17.

<sup>28</sup> *National Power Corporation v. Tuazon*, G.R. No. 193023, June 29, 2011, 653 SCRA 84.

<sup>29</sup> *Rollo*, G.R. No. 169957, p. 79.



of the values contained therein. Finally, the fact that the RTC constituted a team of commissioners to determine the just compensation of the subject properties directly contradicts the CA's ruling that the RTC had accepted the values in the Schedule of Fair Market Values appended to NPC Board Resolution No. 97-246. We find the Brillos' arguments meritorious.

The determination of just compensation in expropriation cases is a function addressed to the discretion of the courts, and may not be usurped by any other branch or official of the government.<sup>30</sup> We already established in *Export Processing Zone Authority v. Dulay*<sup>31</sup> that any valuation for just compensation laid down in the statutes may serve only as guiding principle or one of the factors in determining just compensation, but it may not substitute the courts' own judgment as to what amount should be awarded and how to arrive at such amount. We said:

The determination of "just compensation" in eminent domain cases is a judicial function. The executive department or the legislature may make the initial determinations[,] but when a party claims a violation of the guarantee in the Bill of Rights that private property may not be taken for public use without just compensation, no statute, decree, or executive order can mandate that its own determination shall prevail over the court's findings. Much less can the courts be precluded from looking into the "just-ness" of the decreed compensation.<sup>32</sup>

The CA accepted as correct all the values set forth in the Schedule of Fair Market Values appended to NPC Board Resolution No. 97-246 on the sole ground that they had already been accepted by the trial court. However, after carefully reviewing the RTC's decision dated August 20, 1999, we find nothing there to indicate that the court *a quo* accepted these values as accurate. As a matter of fact, the subject board resolution was not even mentioned in the RTC's decision. The only time NPC Board Resolution No. 97-246 was mentioned was in the partial decision of the RTC, which dealt exclusively with the land owned by the Heirs of Sofia Mangahas, and thus, it

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<sup>30</sup> *Land Bank of the Philippines v. Dumlao*, G.R. No. 167809, July 23, 2009, 593 SCRA 619, 622, citing *Export Processing Zone Authority v. Dulay*, No. L-59603, April 29, 1987, 149 SCRA 305, 316.

<sup>31</sup> *Supra*.

<sup>32</sup> *Id.* at 316.

cannot be applied to the other expropriated properties.

The “just”-ness of just compensation can only be attained by using reliable and actual data as bases in fixing the value of the condemned property.<sup>33</sup> The CA attempts to provide the legal basis for the Schedule of Fair Market Values, noting that it is based on the joint appraisal report on fair market value of lands by Cuervo Appraisal, Inc., Development Bank of the Philippines, and the Land Bank of the Philippines, and the fair market values established by the respective Provincial Appraisal Committee of Zambales, Pangasinan, Nueva Ecija, Pampanga, and Bulacan, as well as the City Appraisal Committee of San Carlos and Cabanatuan.<sup>34</sup>

However, as correctly observed by the Brillos, the determination of just compensation cannot be left to the self-serving discretion of the expropriating agency. The unjustness of the CA’s ruling is all the more apparent when we consider the undeniable fact that since the fair market values appended to NPC Board Resolution No. 97-246 were not presented before the lower court, the affected landowners were never given the opportunity to present their evidence to counter these valuations. In these lights, the CA gravely erred in relying solely on NPC Board Resolution No. 97-246 to determine the just compensation due the landowners.

***(b) RTC valuation not supported by evidence***

Similarly, we cannot affirm the RTC’s decision in fixing just compensation of all the subject properties at ₱250.00 per square meter, for lack of legal or factual basis.

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<sup>33</sup> *National Power Corporation v. Diato-Bernal*, G.R. No. 180979, December 15, 2010, 638 SCRA 660.

<sup>34</sup> *Rollo*, G.R. No. 171558, p. 40.

In *National Power Corporation v. Manubay Agro-Industrial Development Corporation*,<sup>35</sup> we defined just compensation as:

[T]he full and fair equivalent of the property taken from its owner by the expropriator. The measure is not the taker's gain, but the owner's loss. The word "just" is used to intensify the meaning of the word "compensation" and to convey thereby the idea that the equivalent to be rendered for the property to be taken shall be real, substantial, full and ample.

In eminent domain or expropriation proceedings, the just compensation to which the owner of a condemned property is entitled is generally the market value. Market value 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 a price to be given and received therefor." **[The market value] is not limited to the assessed value of the property or to the schedule of market values determined by the provincial or city appraisal committee.** However, these values may serve as factors to be considered in the judicial valuation of the property. [citations omitted, emphasis ours]

To determine the just compensation to be paid to the landowner, the nature and character of the land at the time of its taking is the principal criterion.<sup>36</sup>

In the present case, the RTC made a determination that all the properties subject of the NPC's expropriation complaint, regardless of their location or classification, should be valued at ₱250.00 per square meter. In arriving at this valuation, the RTC explained, thus:

In order to determine the issue of just compensation, the Court constituted a team of three commissioners chaired by Atty. Aristan Tayag with Atty. Luis Manuel Bugayong as representative of the plaintiff and Barangay Captain Manuel Villacorta as representative of the landowners. Eventually, the team of commissioners submitted its report on March 4, 1999 adopting the recommendation of just compensation in a similar case for eminent domain docketed as Civil Case No. 690-M-97 of the Regional Trial Court of Bulacan wherein it set the just compensation for agricultural land at P265.00 per square meter, residential land at P1,540.00 per square meter, and commercial land at P2,300.00 per square meter. However, considering that a partial decision was already rendered wherein the lands affected were valued at P250.00 per square meter, the team recommended the latter amount for the remaining properties subject of expropriation.

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<sup>35</sup> *Supra* note 24, at 68.

<sup>36</sup> *Id.* at 69.

It is apparent from this RTC explanation that Commissioner Tayag and Commissioner Villacorta based their recommendation for just compensation of all the properties in question solely on the value fixed in the compromise agreement between the NPC and the Heirs of Sofia Mangahas. But in accepting this recommendation, *the RTC failed to take into consideration the fact that the property subject of the compromise agreement is located in Tigbe, Norzagaray, Bulacan, while the other properties subject of the RTC's decision are located in other municipalities in Bulacan.*

Even worse, the commissioners' recommended valuation is not supported by any corroborative evidence, such as sworn declarations of realtors in the area concerned and tax declarations or zonal valuation from the Bureau of Internal Revenue. It does not even appear from the records that the commissioners conducted any ocular inspections to determine the location, nature, character, condition, and other specific features of the expropriated lands that should have been taken into account before making their recommendation.

Although the determination of just compensation lies within the trial court's discretion, it should not be done arbitrarily or capriciously. The decision of the trial court 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.<sup>37</sup>

In light of the foregoing, we find that the trial court arbitrarily fixed the amount of just compensation due the landowners at ₱250.00 per square meter. Thus, the Court has no alternative but to remand the case to the court of origin for the proper determination of just compensation.

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<sup>37</sup>*National Power Corporation v. Bongbong*, *supra* note 23.

As a final point, we remind the court of origin that in computing the just compensation due the landowners for their expropriated properties, the amounts already received from the NPC should be deducted from the valuation. These amounts are subject, however, to legal interest, to be computed from the time the NPC took possession of the properties on December 16, 1997.<sup>38</sup>

**WHEREFORE**, premises considered, the Court renders the following judgment in the petitions at bar:

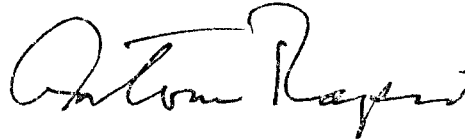
- 1) In **G.R. No. 169957**, the Court **DENIES** the petition for review on *certiorari* filed by the National Power Corporation, and **AFFIRMS** the decision of the Court of Appeals in CA-G.R. CV No. 72723 dated September 30, 2005, insofar as it held that the compromise agreement between the National Power Corporation and the Heirs of Sofia Mangahas is valid.
- 2) In **G.R. No. 171558**, the Court **PARTIALLY GRANTS** the petition for review on *certiorari* filed by Danilo Brillo, et al., and **REMANDS** the case to the Regional Trial Court, Branch 17 of Malolos, Bulacan for the proper determination of just compensation of the expropriated properties, subject to legal interest from the time the National Power Corporation took possession of the properties. No costs.

**SO ORDERED.**

  
**ARTURO D. BRION**  
Associate Justice

<sup>38</sup> This is pursuant to Section 10, Rule 67 of the Rules of Court, which provides: Section 10. *Rights of plaintiff after judgment and payment.* – Upon payment by the plaintiff to the defendant of the compensation fixed by the judgment, **with legal interest thereon from the taking of the possession of the property**, or after tender to him of the amount so fixed and payment of the costs, the plaintiff shall have the right to enter upon the property expropriated and to appropriate it for the public use or purpose defined in the judgment, or to retain it should he have taken immediate possession thereof under the provisions of section 2 hereof. [emphasis ours]


**WE CONCUR:**



**ANTONIO T. CARPIO**  
Senior Associate Justice  
Chairperson



**JOSE PORTUGAL PEREZ**  
Associate Justice



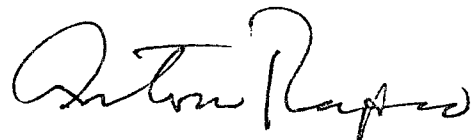
**MARIA LOURDES P. A. SERENO**  
Associate Justice



**BIENVENIDO L. REYES**  
Associate Justice

## **CERTIFICATION**

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.



**ANTONIO T. CARPIO**  
Senior Associate Justice  
(Per Section 12, R.A. 296,  
The Judiciary Act of 1948, as amended)