

Title: NPC Drivers and Mechanics Association (NPC DAMA) v. National Power Corporation (NPC)

Facts:

In the early 2000s, the Philippine government embarked on a program to reform the electric power industry, culminating in the enactment of the Electric Power Industry Reform Act (EPIRA). Part of this program involved the privatization of the National Power Corporation's (NPC) assets and restructuring of its personnel, which affected its employees' tenure. The National Power Board (NPB) released Resolution Nos. 2002-124 and 2002-125, mandating the termination of NPC employees effective January 31, 2003, thus initiating early retirement and separation for many of the NPC employees.

The NPC Drivers and Mechanics Association (NPC DAMA) and other NPC employees, through their representative, contested these resolutions, arguing that the termination was implemented without proper board approval, as the resolutions were passed without a majority vote from the NPB's members and signed by unauthorized representatives. The Supreme Court ruled that the NPB resolutions were void and the employees were illegally dismissed. The NPC then subsequently issued Resolution No. 2007-55, aiming to cure the defects of the initial resolutions and validate the separations. The employees' petition reached the Supreme Court, which became the subject of further motions and clarifications involving the legitimacy of separation and back wages.

Issues:

1. The direct liability of Power Sector Assets and Liabilities Management Corporation (PSALM) for the judgment debt.
2. The ability of the RTC Clerk of Court and Ex-Officio Sheriff to directly proceed with the garnishment or levy of NPC assets.
3. The formula to compute the petitioners' entitlement.

Court's Decision:

The Supreme Court held that the PSALM is directly liable for the judgment obligation and thus responsible for the payment of the petitioners' entitlement resulting from the illegal dismissal caused by the invalid NPB resolutions. The execution of the judgment award against the government, however, cannot proceed directly by garnishment. Instead, the petitioners must file a separate claim against the government with the Commission on Audit (COA).

Regarding the formula for computing the petitioners' entitlement, the Court provided guidelines, including separation pay in lieu of reinstatement, back wages, wage adjustments, and legal interest on the judgment debt.

Doctrine:

The Supreme Court reiterated doctrines on illegal dismissal in the context of government-owned and controlled corporations (GOCCs), particularly addressing issues of back wages, separation pay, and the jurisdiction of the COA in settling claims against the government.

Historical Background:

The case is set against the backdrop of the restructuring of the electric power industry in the Philippines, as mandated by the EPIRA, aimed at fostering competition and improving the delivery of electricity nationwide. The case illustrates the tension between government efforts at privatization and the protection of workers' rights in the face of significant corporate transformation.