

Title:

National Power Corporation vs. Spouses Ruperto Libunao and Sonia P. Sanopo & Heirs of Benita Domingo

Facts:

The National Power Corporation (NAPOCOR), a government-owned and controlled corporation, filed an expropriation case to acquire certain parcels of land in Cabanatuan City for its Cabanatuan-Talavera 69 KV Transmission Line Project. The properties targeted were owned by Spouses Ruperto Libunao and Sonia P. Sanopo, and Heirs of Benita Domingo.

After NAPOCOR filed the complaint, it secured a writ of possession and took control of the properties. A Commission was formed to determine just compensation, following Rule 67 of the Rules of Court. The City Appraisal Committee (CAC) presented varying resolutions on the valuation of the land at different times, which complicated the computation of just compensation.

Upon reaching the Regional Trial Court (RTC), the court ruled in favor of expropriation but set just compensation at P1,500 per square meter for Spouses Libunao's property and P600 per square meter for Heirs of Domingo's property, along with legal interest from the date of possession.

Both parties were dissatisfied and appealed to the Court of Appeals (CA), where the valuation was modified to P700 per square meter for residential land and P460 per square meter for agricultural land. The CA upheld NAPOCOR's obligation to pay legal interests but removed the award for the cost of the suit.

NAPOCOR sought a partial reconsideration with the appellate court which was denied and thus filed a petition for review with the Supreme Court raising issues regarding the extent of expropriation and the payment of interest.

Issues:

1. Whether the payment of just compensation should cover the entire area of respondents' properties or only for an easement fee of 10% of the market value as claimed by NAPOCOR.
2. Whether the CA erred in requiring NAPOCOR to pay interest on the full value of the properties from the date of taking until full payment.

Court's Decision:

The Supreme Court denied the petition and affirmed the CA's decision. It reiterated that the issue of just compensation for the entire properties, as opposed to an easement fee, falls under the court's power to determine in an expropriation case. It emphasized that the limitation imposed by the presence of transmission lines warrants full compensation due to the indefinite nature of the easement and the impairment to the land's use. Furthermore, the Court confirmed that the payment of legal interest from the time of possession is mandated by law, and petitioners are entitled to such from the time of taking possession until full payment is made.

Doctrine:

The Supreme Court re-established the doctrine that in cases involving expropriation for transmission lines, where the nature and effect of the installation and its indefinite duration significantly impairs the use of the property, full compensation based on the market value is due to the owner, as opposed to merely an easement fee, despite provisions to the contrary in NAPOCOR's charter.

Class Notes:

- The power of eminent domain leads to either appropriation of title and possession or imposition of a burden upon the owner's property, such as an easement of the right of way, and full, just compensation must still be paid.
- Just compensation is defined as the full and fair equivalent of the property taken and is generally the market value of the property.
- Legal interest on just compensation is owed from the time of possession until payment is made, at the rate of 6% per annum, as per Section 10, Rule 67 of the Rules of Court.

Historical Background:

This case reflects the complex legal issues surrounding government infrastructure projects that intersect with private property rights in the Philippines. NAPOCOR's establishment and operational dynamics, particularly its expropriation powers, evolve in response to the expanding necessity for nationwide power grid systems. It highlights the continuing balance the Philippine judicial system must strike between state mandates for public utilities and individual property rights, especially in the context of rapid modernization and infrastructure development.