

### Title:

National Power Corporation vs. Elizabeth Manalastas and Bea Castillo: A Landmark Case on Expropriation and Just Compensation

### Facts:

In the late 1970s, the National Power Corporation (NAPOCOR), a government entity in the Philippines responsible for electricity generation and transmission, constructed transmission lines across a piece of land owned by Elizabeth Manalastas and Bea Castillo, among others, without their consent, initiating expropriation proceedings or providing compensation. The land, intended for a subdivision, was significantly devalued, prompting Manalastas, Castillo, and others to file a complaint in July 2000 for the removal of the power lines or compensation for the land's market value, and damages.

The Regional Trial Court (RTC) of Naga City ruled in favor of the plaintiffs in November 2006, ordering NAPOCOR to pay over PHP 92 million as compensation, including values of the land, interests for 28 years, attorney's fees, and costs. NAPOCOR's appeal to the Court of Appeals (CA) led to a modification of the award but maintained the inclusion of an inflation factor in calculating just compensation, a stance NAPOCOR challenged, resulting in the petition for review to the Supreme Court under Rule 45.

### Issues:

1. Whether the inclusion of the inflation rate in the determination of just compensation has a legal basis.
2. Whether the determination of just compensation is strictly a judicial function, allowing courts to disregard parties' submissions on its computation.
3. Whether the awarded compensation unjustly enriches the respondents.

### Court's Decision:

The Supreme Court granted NAPOCOR's petition, modifying the CA's decision. The Court held that the inclusion of the inflation rate in determining just compensation was without legal basis. It emphasized just compensation as the property value at the time of taking and that interest rates serve to account for the delay in payment, not inflation. The Court clarified the judicial role in determining just compensation, independent of parties' recommendations, and reiterated estoppel's inapplicability against the government in rectifying errors. Consequently, NAPOCOR was ordered to pay compensation based on a PHP 170 per square meter rate, with specific interest rates from the time of taking until full payment, alongside exemplary damages and attorney's fees for the respondents.

### Doctrine:

1. Just compensation refers to the property's market value at the time of taking.
2. Estoppel does not apply against the state when correcting errors or irregularities by its officials or agents.
3. The delay in payment of just compensation is compensated through legal interest rates applicable from the time of property taking.

### Class Notes:

1. **Just Compensation Principle**: The sum equivalent to the market value of the property at the time of taking, encompassing the property's value and its income-generating potential up until just compensation is paid.
2. **Interest on Just Compensation**: Recognized as necessary when there's a delay in payment, computed from the time the property was taken until compensation is fully settled, to compensate for the time value of money lost.
3. **Estoppel Against the Government**: The doctrine is generally inapplicable to the state for acts aimed at correcting mistakes or illegal actions by its officials, ensuring the unimpeded conduct of government affairs.
4. **Legal Statutes**:
  - **Article 2229 of the Civil Code**: Concerning exemplary or corrective damages for public good.
  - **Article 2208 of the Civil Code**: On the award of attorney's fees in equitable cases.

### Historical Background:

This case unfolds against the backdrop of governmental infrastructure projects necessitating property expropriations. It underscores the balance between state development needs and individual property rights, emphasizing legal doctrines that ensure just compensation and guard against state error to the detriment of private citizens.