

****Title:**** National Power Corporation vs. Heirs of Macabangkit Sangkay: A Case of Condemnation for Underground Tunnel Construction without Just Compensation

****Facts:****

The National Power Corporation (NPC) initiated the Agus River Hydroelectric Power Plant Project in the 1970s in Mindanao, Philippines, which included the construction of several underground tunnels for diverting water from the Agus River to hydroelectric plants. On November 21, 1997, the heirs of Macabangkit Sangkay, owning land in Ditucalan, Iligan City, filed a lawsuit against NPC for damage recovery or alternative just compensation, alleging discovery in 1995 of an NPC tunnel traversing their land that was constructed without their consent in 1979.

NPC contended that the heirs had no right to compensation or that their claim had prescribed. After conducting an ocular inspection resulting in findings supportive of the heirs' claims, the Regional Trial Court (RTC) ruled in favor of the heirs and ordered NPC to pay just compensation, rentals, moral, and exemplary damages, and attorney's fees. The RTC's decision, including a supplemental decision condemning the heirs' land in favor of NPC upon payment, was affirmed by the Court of Appeals (CA).

****Issues:****

1. Whether NPC wrongly constructed a tunnel beneath the heirs' land without consent and just compensation.
2. Whether the heirs' claim for just compensation had prescribed.

****Court's Decision:****

- The Supreme Court affirmed the CA's findings, recognizing the existence of the tunnel and its impact on the heirs' property rights. It held that the prescriptive period in Section 3(i) of Republic Act No. 6395 did not apply to claims for just compensation, categorizing NPC's action as a compensable taking under the power of eminent domain for which just compensation was due.

- The Court clarified that the reckoning for just compensation is the value at the time of the filing of the complaint, given the circumstances. It also deleted the awards for rentals, moral damages, exemplary damages, and attorney's fees for lack of legal and factual bases but recognized the heirs' entitlement to attorney's fees under quantum meruit.

- Attorney's fees claims by the parties' legal representatives were decided under the principle of quantum meruit, considering their contribution to the case.

****Doctrine:****

The case reiterates the constitutional provision that private property shall not be taken for public use without just compensation, even for subterranean constructions by a state agency. It differentiates between an action for damages and a claim for just compensation, emphasizing that claims for the latter under the exercise of eminent domain do not prescribe under the special prescriptive periods for actions for damages.

****Class Notes:****

- ****Eminent Domain and Just Compensation****: The State or its agencies' power to acquire private property for public use upon payment of just compensation. Just compensation refers to the full monetary equivalent of the property taken from the owner.
- ****Prescriptive Periods****: The timeframe within which legal action must be initiated. This case distinguishes between the prescriptive periods for actions for damages (e.g., under RA 6395) and claims for just compensation under eminent domain, which does not prescribe in the same manner as actions for damages.
- ****Quantum Meruit for Attorney's Fees****: Without an express contract for contingent fees, attorney's fees may be recovered based on quantum meruit, reflecting the reasonable compensation for legal services rendered.

****Historical Background:****

This case underscores NPC's infrastructure development initiatives aimed at enhancing power generation capabilities in the Philippines through the construction of hydroelectric power projects. It highlights legal and ethical considerations involved in land acquisitions for public projects, particularly the constitutional safeguard against the uncompensated taking of private property.