

Title:

Manila Electric Company vs. Matilde Macabagdal Ramoy, et al.

Facts:

This case involves the Manila Electric Company (MERALCO), the National Power Corporation (NPC), and several residents of Baesa, Quezon City, including Leoncio Ramoy and others. Following an ejectment case filed by NPC against illegal occupants on its properties, the court ruled for NPC and ordered the removal of structures built on its land, including the area occupied by Leoncio Ramoy. In 1990, acting on NPC's request and based on the court's decision, MERALCO disconnected the electric service of the affected residents, including the Ramoys, believing them to be illegal occupants. However, it was later established during an ocular inspection, attended by all parties, that the Ramoy's residence was outside NPC's property.

Leoncio Ramoy testified to being the owner of the parcel of land legitimately, showing that the disconnection made by MERALCO was a mistake. MERALCO reinstated the electric service to some customers but not to the Ramoys. The RTC initially decided in favor of MERALCO, denying the Ramoys' claims for damages but ordered the restoration of their electric service. The Ramoys appealed to the CA, which found MERALCO negligent for not requiring proper verification from NPC, thus awarding moral, exemplary damages, and attorney's fees to the Ramoys.

Issues:

1. Whether MERALCO was negligent in disconnecting the electric service of the respondents without proper verification of the legal basis.
2. Whether the respondents are entitled to moral, exemplary damages, and attorney's fees.

Court's Decision:

The Supreme Court partially granted the petition. It affirmed the CA's decision with the modification that the award for exemplary damages and attorney's fees was removed. The court found MERALCO liable for negligence for failing to exercise due care in verifying the legal grounds for the disconnection of electric services. Nonetheless, MERALCO's actions were not deemed as wanton, fraudulent, reckless, oppressive, or malevolent to justify exemplary damages or attorney's fees.

Doctrine:

The decision reiterated the principle of culpa contractual, emphasizing that entities must

perform their contractual obligations with the utmost care, especially when public interest is significantly involved, such as in utilities' services. A breach of contract warrants relief for the injured party, applying Article 1170 of the Civil Code.

Class Notes:

- Culpa Contractual (Breach of Contract): Proof of the existence of the contract and its non-compliance prima facie justify a right of relief. The defendant must show extenuating circumstances to be excused from liability.
- Required Diligence in Utility Services: Entities like MERALCO must exercise the utmost degree of care and diligence due to the public interest vested in their services.
- Damages in Culpa Contractual: Entities are liable for damages when they fail in performing their contractual obligations without sufficient justification.
- Moral Damages: Proof of emotional suffering must be substantiated for moral damages to be awarded.
- Exemplary Damages and Attorney's Fees: These are awarded at the court's discretion and require evidence of wanton, fraudulent, reckless, oppressive, or malevolent actions by the defendant.

Historical Background:

Utilities companies play a critical role in modern society, often being under strict regulation due to their importance to public welfare. This case highlights the intersection of utility service responsibilities, property rights, and the ramifications of administrative actions without thorough verification. It draws attention to the necessary diligence that must be exercised by utilities, especially when their actions significantly affect individuals' daily lives and property rights.