

Title: BF Homes, Inc. & Philippine Waterworks and Construction Corporation vs. Manila Electric Company

Facts

BF Homes, Inc. and Philippine Waterworks and Construction Corporation (PWCC) manage the waterworks for subdivisions in Metro Manila using electricity supplied by Manila Electric Company (MERALCO). Citing a Supreme Court ruling that mandated MERALCO to refund customers for overcharges, BF Homes and PWCC requested to offset these refunds against their outstanding electric bills. However, MERALCO rejected this request, leading to the disconnection of electric supply to several water pumps, severely disrupting water supply to numerous households. BF Homes and PWCC sought legal intervention to compel MERALCO to reconnect power and stop further disconnections.

They initially filed a petition in the Regional Trial Court (RTC) of Las Piñas City (Civil Case No. 03-0151) on June 23, 2003, seeking a writ of preliminary injunction to restrain MERALCO from disconnecting their power supply. The RTC issued the requested injunction.

MERALCO countered with a Petition for Certiorari (CA-G.R. SP No. 82826) before the Court of Appeals, arguing that the RTC had no jurisdiction over the matter, which fell within the purview of the Energy Regulatory Commission (ERC) under the Electric Power Industry Reform Act (EPIRA). MERALCO also claimed the ERC had exclusive original jurisdiction over disputes between players in the energy sector.

The Court of Appeals agreed with MERALCO and nullified the RTC's orders, leading BF Homes and PWCC to seek recourse from the Supreme Court.

Issues

1. Does the RTC have jurisdiction over the subject matter of Civil Case No. 03-0151?
2. Can the RTC issue a writ of preliminary injunction against MERALCO?
3. Does the EPC have exclusive original jurisdiction over the dispute?
4. Does the ERC have the authority to grant injunctive relief?

Court's Decision

Jurisdiction of the RTC

The Supreme Court concluded that the RTC lacks jurisdiction over civil disputes related to electricity rates and refunds as per the EPIRA, specifically Section 43(u), which confers

original and exclusive jurisdiction over these issues to the ERC. The subject matter jurisdiction must conform to statutory mandates.

Issuance of Preliminary Injunction

Considering the RTC's lack of jurisdiction over the underlying dispute, it cannot issue a writ of preliminary injunction. Injunctive reliefs are only ancillary to cases over which the court has proper jurisdiction.

Exclusive Jurisdiction of the ERC

The ERC holds the exclusive jurisdiction over matters detailed in Section 43(u) of the EPIRA, including "disputes between and among participants or players in the energy sector." Therefore, the RTC was incorrect in assuming jurisdiction over the case filed by BF Homes and PWCC.

Authority to Grant Injunctive Relief

The Court noted that Section 8 of Executive Order No. 172 empowers the ERC (formerly the ERB) to grant provisional relief, including injunctive orders when necessary. As the ERC succeeds ERB's regulatory roles, the ERC indeed holds the authority to issue injunctive relief.

Doctrine

1. **Primary Jurisdiction Doctrine**: Courts will defer to administrative agencies having the special competence in matters requiring specialized knowledge and the exercise of administrative discretion.
2. **Exclusive Original Jurisdiction**: As per Section 43(u) EPIRA, matters involving disputes between energy sector players fall strictly under the ERC.

Class Notes

- **Jurisdiction**: Determined by statute, unchangeable by parties' agreement.
- **Primary Jurisdiction**: Defers to administrative bodies for specialized disputes.
- **Injunctive Relief**: Ancillary to valid causes of action within the rightful jurisdiction.

Statutory Provisions:

- **Section 43(u) of Republic Act No. 9136 (EPIRA)**: ERC's jurisdiction over energy sector disputes.
- **Section 8 of Executive Order No. 172**: ERC's authority to grant provisional relief.

Historical Background

This case underscores the regulatory landscape changes in the Philippine power sector, from comprehensive management by bodies like the Board of Public Utility Commissioners to specialized oversight by entities like the ERC, established under the EPIRA to ensure proper adjudication and regulation in energy industry disputes. The historical evolution showcases the growing complexity and specialization of regulatory oversight in public utilities, aiming for greater efficiency and fairness in utility services and consumer protections.