

****Title:****

National Power Corporation v. Bagui, et al.

****Facts:****

On March 10, 2000, the National Power Corporation (NPC), a government-owned corporation tasked with power production in the Philippines, filed a complaint for eminent domain in the Regional Trial Court (RTC) of Batangas City. NPC sought to acquire easements for right-of-way over portions of lands owned by the respondents, necessary for constructing and maintaining the San Pascual Cogeneration Associated Transmission Line Project. In total, NPC targeted 9,528 square meters of land and initially offered to deposit ₱33,645.31 based on assessed valuation for tax purposes.

Multiple respondents, including Belegal and Spouses David, contested NPC's valuation, arguing for higher compensation based on fair market values, while others sought just compensation equivalent to the full market value of the properties.

Upon depositing a provisional amount, NPC filed an urgent ex-parte motion for a writ of possession, which the respondents opposed. Consequently, the trial court instructed both parties to propose valuations for property improvements. On September 1, 2000, the trial court appointed two separate sets of commissioners to assess the fair market value of the lands.

The first set of commissioners recommended specific valuations per square meter for the properties of Belegal, Spouses David, and the Baguis, which were partially adjusted later. The second set of commissioners provided valuations for properties owned by Macaraig, Valdez, and Marquez.

On December 19, 2000, the trial court issued writs of possession favoring NPC. On May 30, 2001, the trial court affirmed the commissioners' valuations and ordered NPC to pay respondents accordingly. NPC appealed to the Court of Appeals, which upheld the decision on August 16, 2004, leading NPC to file a petition for review with the Supreme Court.

****Issues:****

1. Whether NPC should compensate the respondents based on the full market value of the properties traversed by the transmission lines.
2. Whether the valuation determinations by the trial court and commissioners were speculative and baseless.

Court's Decision:

The Supreme Court affirmed the appellate court's decision regarding the properties of the Baguis, stating that just compensation should be based on full market value due to the severe limitations imposed by the construction of high-voltage power lines on the normal use of the land. This decision aligned with previous rulings (e.g., NPC v. Manubay Agro-Industrial Development Corporation) establishing that the installation of transmission lines virtually deprives landowners of ordinary land use.

However, the Supreme Court found issues with the factual grounds concerning the valuation of properties owned by Macaraig and Valdez:

- **Baguis Properties:** The trial court's and appellate court's determination of compensation based on meticulous consideration of zonal values, average sales prices, and surrounding market conditions was upheld.
- **Macaraig and Valdez Properties:** The appraisal commissioners failed to justify their recommendations adequately. They heavily relied on potentially outdated Resolution No. 03-99 by a local appraisal committee without validating current market similarities or providing substantiated sales data for comparison.

Thus, the case concerning Macaraig and Valdez was remanded to the trial court for recalculating just compensation based on updated and substantiated evidence.

Doctrine:

- The determination of just compensation is a judicial function. Courts must base this on fair market values ascertainable through a multifactor approach which includes, but is not strictly bound to, statutory guidelines.
- Just compensation involves the full market value when normal land use is substantially hindered by infrastructure projects or easements.
- Speculative or unsubstantiated valuation by commissioners does not suffice for judicially-sanctioned compensation.

Class Notes:

- **Key Elements for Eminent Domain Cases:**
- **Full Market Value:** Compensation should reflect the fair market value at the time of taking or filing the complaint.
- **Judicial Determination:** Courts undertake the final determination of just compensation, accounting for the nature and impact of the public use.
- **Statutory Provision:** Section 3A-(b) of R.A. No. 6395 as amended by PD No. 938 states

just compensation for right-of-way easements but is a guiding, not binding, on courts for final valuation.

****Historical Background:****

The context of the case can be traced to NPC's mandate under Republic Act No. 6395 to develop electricity infrastructure across the Philippines. The construction of transmission lines requires substantial land easements, often challenging the balance between public utility needs and private property rights. This case echoes ongoing judicial involvement in ensuring fair compensation in public infrastructure projects, reflecting the broader historical tension between state development objectives and landowner rights.