

**\*\*Title:\*\***

Enrique U. Betoys vs. The Board of Directors, National Power Corporation

**\*\*Facts:\*\***

Enrique U. Betoys and other employees of the National Power Corporation (NPC) were terminated following the enactment of the Electric Power Industry Reform Act (EPIRA), which aimed to restructure the power industry and privatize NPC assets. Resolutions No. 2002-124 and 2002-125, creating a Transition Team to manage the separation program and setting separation benefits, were issued by the National Power Board (NPB). Betoys filed a petition for certiorari and a supplemental petition for mandamus before the Supreme Court, challenging these resolutions and various EPIRA provisions, alleging constitutional violations and bad faith in the restructuring process.

**Procedural Posture:**

- June 8, 2001: EPIRA enacted by Congress.
- February 27, 2002: Department of Energy issues the IRR of the EPIRA.
- November 18, 2002: NPB passes Resolution No. 2002-124 and No. 2002-125.
- January 31, 2003: Termination of NPC employees.
- Enrique U. Betoys files a petition for certiorari with a supplemental petition for mandamus before the Supreme Court.

**\*\*Issues:\*\***

1. Whether the petitioner can directly question the constitutionality of the EPIRA before the Supreme Court.
2. The validity of NPB Resolutions No. 2002-124 and No. 2002-125.
3. Constitutionality of Sections 11, 34, 38, 48, 52, and 63 of the EPIRA.
4. Constitutionality of Rule 33 of the IRR of the EPIRA.
5. Whether petitioner Betoys and other terminated employees are entitled to reinstatement or additional benefits.

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

1. **\*\*Direct Questioning of Constitutionality:\*\***

- The Supreme Court held that its jurisdiction over writs of certiorari, prohibition, and mandamus is concurrent with Regional Trial Courts and the Court of Appeals. However, the petition was entertained given its similarity with previously resolved cases addressing the same issues.

2. **Validity of NPB Resolutions No. 2002-124 and No. 2002-125:**

- The Court, referencing NPC Drivers and Mechanics Association vs. NPC, ruled that Resolutions No. 2002-124 and No. 2002-125 are void for failing to comply with Section 48 of the EPIRA regarding Board quorum and legitimate decision-making.
- However, Resolution No. 2007-55, which adopted principles from the void resolutions, had prospective legal effects from September 14, 2007.

3. **Constitutionality of Sections 11, 34, 38, 48, 52, and 63 of EPIRA:**

- Sections 11, 48, and 52: Deemed constitutional, as the positions held by Cabinet members on the NPB are considered an imposition of additional duties consistent with their primary roles and hence not violative of Constitution prohibiting dual office holding.
- Section 34: Upheld in Gerochi vs. Department of Energy as a legitimate exercise of police power for ensuring the viability of the electric power industry.
- Section 38: Creation of ERC valid despite ERB abolition, satisfying legislative intent and restructuring for operational efficiency.
- Section 63: The differentiation in entitlements under Section 63 is reasonable to accommodate restructuring and privatization needs, supporting employee compensation without constituting bad faith or constitutional violations.

4. **Constitutionality of Rule 33 of the IRR:**

- Valid as it effectively implements Section 63 of the EPIRA. The Court rejected claims of arbitrary removal, assessing restructuring as a necessary economic measure, executed in good faith without bad faith indications.

5. **Reinstatement or Additional Benefits:**

- The petition for reinstatement was declared moot especially due to Resolutions in NPC Drivers. NPC employees' right to appropriate benefits, including separation and retirement pay, were clarified under Herrera v. NPC.

**Doctrine:**

- The administrative and policy-making discretion vested upon Cabinet members includes assuming ex-officio duties as mandated by EPIRA without additional compensation.
- A restructuring involving personnel reduction is valid if executed in good faith and aims for economic efficiency, aligning with the constitution unless clear evidence of bad faith is demonstrated.
- Separation benefits under restructuring programs must balance employee interests with economic realities of restructuring and privatization, and compliance with statutory and

constitutional guarantees is imperative.

**\*\*Class Notes:\*\***

**Key Elements:**

- Jurisdiction of Supreme Court vis-à-vis lower courts in constitutional issues (Art. VIII, 1987 Constitution).
- Criteria for lawful reorganization—must be in good faith, driven by economic needs.
- Valid delegation ex-officio duties to Cabinet members.
- Constraints on additional compensations for Cabinet members acting ex-officio.
- Conceptual separation of “separation benefits” and “retirement benefits.”

**Key Statutes/Principles Cited:**

- 1987 Constitution, Art. VIII, Sec. 5.
- Electric Power Industry Reform Act, Section 11, 34, 38, 48, 52, 63.
- Administrative reorganization principles (RA 6656).

**\*\*Historical Background:\*\***

The case arises from the EPIRA enactment aimed at revamping the Philippine electric power industry, mired in inefficiencies and fiscal distress due to NPC’s financial burdens. The Act sought to pivot towards privatization and industry restructuring, reflective of broader economic liberalization and market rationalization approaches in the early 2000s. The case underscores struggles between policy implementation, judicial review, and employee rights amid systemic economic reforms.