

SPOUSES ANTONIO AND LORNA QUISUMBING, PETITIONERS, VS. MANILA ELECTRIC COMPANY (MERALCO), RESPONDENT.

G.R. No. 142943. April 03, 2002

Ponente: PANGANIBAN, J.

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PANGANIBAN, J.:

Under the law, the Manila Electric Company (Meralco) may immediately disconnect electric service on the ground of alleged meter tampering, but only if the discovery of the cause is personally witnessed and attested to by an officer of the law or by a duly authorized representative of the Energy Regulatory Board.

The Case

Before us is a Petition for Review under Rule 45 of the Rules of Court, assailing the February 1, 2000 Decision[1] and the April 10, 2000 Resolution[2] of the Court of Appeals (CA) in CA-GR SP No. 49022. The decretal portion of the said Decision reads as follows:

“WHEREFORE, the challenged decision in Civil Case No. Q-95-23219 is hereby SET ASIDE and the complaint against defendant-appellant MERALCO is hereby DISMISSED. Plaintiffs-appellees are hereby ORDERED to pay defendant-appellant MERALCO the differential billing of P193,332.00 representing the value of used but unregistered electrical consumption.”[3]

The assailed Resolution denied petitioner’s Motion for Reconsideration.

The Facts

The facts of the case are summarized by the Court of Appeals in this wise:

“Defendant-appellant Manila Electric Company (MERALCO) is a private corporation, authorized by law to charge all persons, including the government, for the consumption of electric power at rates duly authorized and approved by the Board of Energy (now the Energy Regulatory Board).

“Plaintiffs-appellees Spouses Antonio and Lorna Quisumbing are owners of a house and lot located at No. 94 Greenmeadows Avenue, Quezon City, which they bought on April 7, 1994 from Ms. Carmina Serapio Santos. They alleged to be business entrepreneurs engaged in the export of furnitures under the business name ‘Loran Industries’ and recipient of the 1993 Agora Award and 1994 Golden Shell Award. Mrs. Quisumbing is a member of the Innerwheel Club while Mr. Quisumbing is a member of the Rotary Club, Chairman of Cebu Chamber of Commerce, and Director of Chamber of Furniture.

“On March 3, 1995 at around 9:00 a.m., defendant-appellant’s inspectors headed by Emmanuel C. Orlino were assigned to conduct a routine-on-the-spot inspection of all single phase meters at Greenmeadows Avenue. House no. 94 of Block 8, Lot 19 Greenmeadows Avenue owned by plaintiffs-appellees was inspected after observing a standard operating procedure of asking permission from plaintiffs-appellees, through their secretary which was granted. The secretary witnessed the inspection. After the inspection, defendant-appellant’s inspectors discovered that the terminal seal of the meter was missing; the meter cover

seal was deformed; the meter dials of the meter was mis-aligned and there were scratches on the meter base plate. Defendant-appellant's inspectors relayed the matter to plaintiffs-appellees' secretary, who in turn relayed the same to plaintiff-appellee, Lorna Quisumbing, who was outraged of the result of the inspection and denied liability as to the tampering of the meter. Plaintiffs-appellees were advised by defendant-appellant's inspectors that they had to detach the meter and bring it to their laboratory for verification/confirmation of their findings. In the event the meter turned out to be tampered, defendant-appellant had to temporarily disconnect the electric services of plaintiffs-appellees. The laboratory testing conducted on the meter has the following findings to wit:

'1.

Terminal seal was missing.

'2.

Lead cover seals ('90 ERB 1-Meralco 21) were tampered by forcibly pulling out from the sealing wire.

'3.

The 1000[th], 100[th] and 10[th] dial pointers of the register were found out of alignment and with circular scratches at the face of the register which indicates that the meter had been opened to manipulate the said dial pointers and set manually to the desired reading. In addition to this, the meter terminal blades were found full of scratches.'

"After an hour, defendant-appellant's head inspector, E. Orlina returned to the residence of plaintiffs-appellees and informed them that the meter had been tampered and unless they pay the amount of P178,875.01 representing the differential billing, their electric supply would be disconnected. Orlina informed plaintiffs-appellees that they were just following their standard operating procedure. Plaintiffs-appellees were further advised that questions relative to the results of the inspection as well as the disconnection of her electrical services for Violation of Contract (VOC) may be settled with Mr. M. Manuson of the Special Accounts, Legal Service Department. However, on the same day at around 2:00 o'clock in the afternoon defendant-appellant's officer through a two-way radio instructed its service inspector headed by Mr. Orlino to reconnect plaintiffs-appellees' electric service which the latter faithfully complied.

"On March 6, 1995, plaintiffs-appellees filed a complaint for damages with prayer for the issuance of a writ of preliminary mandatory injunction, despite the immediate reconnection, to order defendant-appellant to furnish electricity to the plaintiffs-appellees alleging that defendant-appellant acted with wanton, capricious, malicious and malevolent manner in disconnecting their power supply which was done without due process, and without due regard for their rights, feelings, peace of mind, social and business reputation.

"In its Answer, defendant-appellant admitted disconnecting the electric service at the plaintiffs-appellees' house but denied liability citing the 'Terms and Conditions of Service,' and Republic Act No. 7832 otherwise known as 'Anti-Electricity and Electric Transmission Lines/Materials Pilferage Act of 1994.'

"After trial on the merits, the lower court rendered judgment, ruling in favor of plaintiffs-appellees." [4] (Citations omitted)

Ruling of the Trial Court

The trial court held that Meralco (herein respondent) should have given the Quisumbing spouses (herein petitioners) ample opportunity to dispute the alleged meter tampering.

It held that respondent had acted summarily and without procedural due process in immediately disconnecting the

electric service of petitioners. Respondent's action, ruled the RTC, constituted a quasi delict.

Ruling of the Court of Appeals

The Court of Appeals overturned the trial court's ruling and dismissed the Complaint. It held that respondent's representatives had acted in good faith when they disconnected petitioners' electric service. Citing testimonial and documentary evidence, it ruled that the disconnection was made only after observing due process. Further, it noted that petitioners had not been able to prove their claim for damages. The appellate court likewise upheld respondent's counterclaim for the billing differential in the amount of P193,332[5] representing the value of petitioners' used but unregistered electrical consumption, which had been established without being controverted.

Hence, this Petition.[6]

The Issues

In their Memorandum,[7] petitioners submit the following issues for our consideration:

"4.1 Whether a prima facie presumption of tampering of electrical meter enumerated under Sec. 4 (a) iv of RA 7832 (Anti-Electricity and Electric Transmission Lines/Materials Pilferage Act of 1994) may be had despite the absence of an ERB representative or an officer of the law?

"4.2 Whether the enumeration of instances to establish a prima facie presumption of tampering of electrical meter enumerated under Sec. 4 (a) iv of RA 7832 (Anti-Electricity and Electric Transmission Lines/Materials Pilferage Act of 1994) is exclusive?

"4.3 What constitutes notice prior to disconnection of electricity service? Corollarily, whether the definition of notice under Meralco v. Court of Appeals (157 SCRA 243) applies to the case at bar?

"4.4 Whether a prima facie presumption may contradict logic?

"4.5 Whether documentary proof is pre-requisite for award of damages?"[8]

In sum, this Petition raises three (3) main issues which this Court will address: (1) whether respondent observed the requisites of law when it disconnected the electrical supply of petitioners, (2) whether such disconnection entitled petitioners to damages, and (3) whether petitioners are liable for the billing differential computed by respondent.

The Court's Ruling

The Petition is partly meritorious.

First Issue:

Compliance with Requisites of Law

Petitioners contend that the immediate disconnection of electrical service was not validly effected because of respondent's noncompliance with the relevant provisions of RA 7832, the "Anti-Electricity and Electric Transmission Lines/Materials Pilferage Act of 1994." They insist that the immediate disconnection of electrical supply may only be validly effected only when there is prima facie evidence of its illegal use. To constitute prima facie evidence, the discovery of the illegal use must be "personally witnessed and attested to by an officer of the law or a duly authorized representative of the Energy Regulatory Board (ERB)."

Respondent, on the other hand, points out that the issue raised by petitioners is a question of fact which this Court cannot pass upon. It argues further that this issue, which was not raised in the court below, can no longer be taken up for the first time on appeal. Assuming *arguendo* that the issue was raised below, it also contends that

petitioners were not able to specifically prove the absence of an officer of the law or a duly authorized representative of the ERB when the discovery was made.

Prima facie Evidence of Illegal Use of Electricity

We agree with petitioners. Section 4 of RA 7832 states:

(a)

The presence of any of the following circumstances shall constitute prima facie evidence of illegal use of electricity, as defined in this Act, by the person benefited thereby, and shall be the basis for: (1) the immediate disconnection by the electric utility to such person after due notice, x x x

x x x x x x x x

(viii) x x x Provided, however, That the discovery of any of the foregoing circumstances, in order to constitute prima facie evidence, must be personally witnessed and attested to by an officer of the law or a duly authorized representative of the Energy Regulatory Board (ERB).”[9] (Italics supplied)

Under the above provision, the prima facie presumption that will authorize immediate disconnection will arise only upon the satisfaction of certain requisites. One of these requisites is the personal witnessing and attestation by an officer of the law or by an authorized ERB representative when the discovery was made.

As a rule, this Court reviews only questions of law, not of facts. However, it may pass upon the evidence when the factual findings of the trial court are different from those of the Court of Appeals, as in this case.[10]

A careful review of the evidence on record negates the appellate court’s holding that “the actions of defendant-appellant’s service inspectors were all in accord with the requirement of the law.”[11]

Respondent’s own witnesses provided the evidence on who were actually present when the inspection was made. Emmanuel C. Orlino, the head of the Meralco team, testified:

Q

When you were conducting this inspection, and you discovered these findings you testified earlier, who was present?

A

The secretary, sir.”[12]

“ATTY. REYES - Who else were the members of your team that conducted this inspection at Greenmeadows Avenue on that day, March 3, 1995?

A

The composition of the team, sir?

Q

Yes.

A

Including me, we are about four (4) inspectors, sir.

Q

You were four (4)?

A

Yes, sir.

Q

Who is the head of this team?

A

I was the head of the team, sir.”[13]

Further, Catalino A. Macaraig, the area head of the Orlino team, stated that only Meralco personnel had been present during the inspection:

“Q

By the way you were not there at Green Meadows on that day, right?

A

Yes, sir.

Q

Only Mr. Orlino and who else were there?

A

Two or three of his men.

Q

All members of the inspection team?

A

Yes, sir.”[14]

These testimonies clearly show that at the time the alleged meter tampering was discovered, only the Meralco inspection team and petitioners’ secretary were present. Plainly, there was no officer of the law or ERB representative at that time. Because of the absence of government representatives, the prima facie authority to disconnect, granted to Meralco by RA 7832, cannot apply.

Neither can respondent find solace in the fact that petitioners’ secretary was present at the time the inspection was made. The law clearly states that for the prima facie evidence to apply, the discovery “must be personally

witnessed and attested to by an officer of the law or a duly authorized representative of the Energy Regulatory Board (ERB).”[15] Had the law intended the presence of the owner or his/her representative to suffice, then it should have said so. Embedded in our jurisprudence is the rule that courts may not construe a statute that is free from doubt.[16] Where the law is clear and unambiguous, it must be taken to mean exactly what it says, and courts have no choice but to see to it that the mandate is obeyed.[17]

In fact, during the Senate deliberations on RA 7832, Senator John H. Osmeña, its author, stressed the need for the presence of government officers during inspections of electric meters. He said:

“Mr. President, if a utility like MERALCO finds certain circumstances or situations which are listed in Section 2 of this bill to be prima facie evidence, I think they should be prudent enough to bring in competent authority, either the police or the NBI, to verify or substantiate their finding. If they were to summarily proceed to disconnect on the basis of their findings and later on there would be a court case and the customer or the user would deny the existence of what is listed in Section 2, then they could be in a lot of trouble.”[18] (Italics supplied)

Neither can we accept respondent’s argument that when the alleged tampered meter was brought to Meralco’s laboratory for testing, there was already an ERB representative present.

The law says that before immediate disconnection may be allowed, the discovery of the illegal use of electricity must have been personally witnessed and attested to by an officer of the law or by an authorized ERB representative. In this case, the disconnection was effected immediately after the discovery of the alleged meter tampering, which was witnessed only by Meralco’s employees. That the ERB representative was allegedly present when the meter was examined in the Meralco laboratory will not cure the defect.

It is undisputed that after members of the Meralco team conducted their inspection and found alleged meter tampering, they immediately disconnected petitioners’ electrical supply. Again, this verity is culled from the testimony of Meralco’s Orlina:

“A

When she went inside then she came out together with Mrs. Lourdes Quis[u]mbing at that time. We did tell our findings regarding the meter and the consequence with it. And she was very angry with me.

Q

When you say consequence of your findings, what exactly did you tell Mrs. Quisumbing?

A

We told her that the service will be temporarily disconnected and that we are referring to our Legal Department so could know the violation, sir.”[19]

“A

Yes, sir. At that time, I referred her to Mr. Macaraig, sir.

Q

What is the first name of this supervisor?

A

Mr. Catalino Macara[i]g, sir.

Q

Then after talking to Mr. Catalino Macara[i]g, this is over the telephone, what happened?

A

The supervisor advised her that the service will be temporarily disconnected and she has to go to our Legal Department where she could settle the VOC, sir.

Q

You are talking of 'VOC,' what is this all about Mr. Orlino?

A

'VOC' is violation of contract, sir."[20]

As to respondent's argument that the presence of an authorized ERB representative had not been raised below, it is clear, however, that the issue of due process was brought up by petitioners as a valid issue in the CA. The presence of government agents who may authorize immediate disconnections go into the essence of due process. Indeed, we cannot allow respondent to act virtually as prosecutor and judge in imposing the penalty of disconnection due to alleged meter tampering. That would not sit well in a democratic country. After all, Meralco is a monopoly that derives its power from the government. Clothing it with unilateral authority to disconnect would be equivalent to giving it a license to tyrannize its hapless customers.

Besides, even if not specifically raised, this Court has already ruled that "[w]here the issues already raised also rest on other issues not specifically presented, as long as the latter issues bear relevance and close relation to the former and as long as they arise from matters on record, the Court has the authority to include them in its discussion of the controversy as well as to pass upon them."[21]

Contractual Right to Disconnect Electrical Service

Neither may respondent rely on its alleged contractual right to disconnect electrical service based on Exhibits "10"[22] and "11,"[23] or on Decisions of the Board of Energy (now the Energy Regulatory Board). The relevant portion of these documents concerns discontinuance of service. It provides:

"The Company reserves the right to discontinue service in case the Customer is in arrears in the payment of bills or for failure to pay the adjusted bills in those cases where the meter stopped or failed to register the correct amount of energy consumed, or for failure to comply with any of these terms and conditions, or in case of or to prevent fraud upon the Company. Before disconnection is made in case of or to prevent fraud, the Company may adjust the bill of said Customer accordingly and if the adjusted bill is not paid, the Company may disconnect the same. In case of disconnection, the provisions of Revised Order No. 1 of the former Public Service Commission (now the Board of Energy) shall be observed. Any such suspension of service shall not terminate the contract between the Company and the Customer."[24]

Petitioners' situation can fall under disconnection only "in case of or to prevent fraud upon the Company." However, this too has requisites before a disconnection may be made. An adjusted bill shall be prepared, and only upon failure to pay it may the company discontinue service. This is also true in regard to the provisions of Revised Order No. 1 of the former Public Service Commission, which requires a 48-hour written notice before a disconnection may be justified. In the instant case, these requisites were obviously not complied with.

Second Issue

Damages

Having ruled that the immediate disconnection effected by Meralco lacks legal, factual or contractual basis, we will now pass upon on the right of petitioners to recover damages for the improper disconnection.

Petitioners are asking for the reinstatement of the RTC Decision, which awarded them actual, moral and exemplary damages as well as attorney's fees. All these were overturned by the CA.

As to actual damages, we agree with the CA that competent proof is necessary before our award may be made. The appellate court ruled as follows:

"Considering further, it is a settled rule that in order for damages to be recovered, the best evidence obtainable by the injured party must be presented. Actual and compensatory damages cannot be presumed but must be duly proved and proved with reasonable degree and certainty. A court cannot rely on speculation, conjecture or guess work as to the fact and amount of damages, but must depend upon competent proof that they have been suffered and on evidence of actual amount thereof. If the proof is flimsy and unsubstantial, no damages will be awarded." [25]

Actual damages are compensation for an injury that will put the injured party in the position where it was before it was injured. [26] They pertain to such injuries or losses that are actually sustained and susceptible of measurement. [27] Except as provided by law or by stipulation, a party is entitled to an adequate compensation only for such pecuniary loss as it has duly proven. [28]

Basic is the rule that to recover actual damages, not only must the amount of loss be capable of proof; it must also be actually proven with a reasonable degree of certainty, premised upon competent proof or the best evidence obtainable. [29]

Petitioners' claim for actual damages was premised only upon Lorna Quisumbing's bare testimony as follows:

"A

Actually that da[y] I was really scheduled to go to that furniture exhibit. That furniture exhibit is only once a year.

Q

What is this furniture exhibit?

A

The SITEM, that is a government agency that takes care of exporters and exclusive marketing of our products around the world. We always have that once a year and that's the time when all our buyers are here for us to show what we had that was exhibited to go around. So, my husband had to [fly] from Cebu to Manila just for this occasion. So we have an appointment with our people and our buyers with SITEM and also that evening we will have to treat them [to] dinner.

Q

Whereat?

A

At our residence, we were supposed to have a dinner at our residence.

Q

What happened to this occasion?

A

So when they disconnected our electric power we had to get in touch with them and change the venue.

Q

Which venue did you transfer your dinner for your buyers?

A

We brought them in a restaurant in Makati at Season's Restaurant. But it was very embar[r]assing for us because we faxed them ahead of time before they came to Manila.

Q

Now as a result of this change of your schedule because of the disconnection of the electric power on that day, Friday, what damage did you suffer?

A

I cancelled the catering service and that is so much of a h[a]ssle it was so embarras[s]ing for us.

Q

Can you tell us how much amount?

A

Approximately P50,000.00.”[30]

No other evidence has been proffered to substantiate her bare statements. She has not shown how she arrived at the amount of P50,000; it is, at best, speculative. Her self-serving testimonial evidence, if it may be called such, is insufficient to support alleged actual damages.

While respondent does not rebut this testimony on the expenses incurred by the spouses in moving the dinner out of their residence due to the disconnection, no receipts covering such expenditures have been adduced in evidence. Neither is the testimony corroborated. To reiterate, actual or compensatory damages cannot be presumed, but must be duly proved with a reasonable degree of certainty. It is dependent upon competent proof of damages that petitioners have suffered and of the actual amount thereof.[31] The award must be based on the

evidence presented, not on the personal knowledge of the court; and certainly not on flimsy, remote, speculative and unsubstantial proof.[32] Consequently, we uphold the CA ruling denying the grant of actual damages.

Having said that, we agree with the trial court, however, that petitioners are entitled to moral damages, albeit in a reduced amount.

The RTC opined as follows:

“This Court agrees with the defendant regarding [its] right by law and equity to protect itself from any fraud. However, such right should not be exercised arbitrarily but with great caution and with due regard to the rights of the consumers. Meralco having a virtual monopoly of the supply of electric power should refrain from taking drastic actions against the consumers without observing due process. Even assuming that the subject meter has had history of meter tampering, defendant cannot simply assume that the present occupants are the ones responsible for such tampering. Neither does it serve as a license to deprive the plaintiffs of their right to due process. Defendant should have given the plaintiffs simple opportunity to dispute the electric charges brought about by the alleged meter-tampering, which were not included in the bill rendered them. Procedural due process requires reasonable notice to pay the bill and reasonable notice to discontinue supply. Absent due process the defendant may be held liable for damages. While this Court is aware of the practice of unscrupulous individuals of stealing electric current which causes thousands if not millions of pesos in lost revenue to electric companies, this does not give the defendant the right to trample upon the rights of the consumers by denying them due process.”[33]

Article 2219 of the Civil Code lists the instances when moral damages may be recovered. One such case[34] is when the rights of individuals, including the right against deprivation of property without due process of law, are violated.[35]

Moral damages include physical suffering, mental anguish, fright, serious anxiety, besmirched reputation, wounded feelings, moral shock, social humiliation, and similar injury.[36] Although incapable of pecuniary computation, such damages may be recovered if they are the proximate results of the defendant’s wrongful act or omission.[37]

Case law establishes the following requisites for the award of moral damages: (1) there is an injury -- whether physical, mental or psychological -- clearly sustained by the claimant; (2) there is a culpable act or omission factually established; (3) the wrongful act or omission of the defendant is the proximate cause of the injury sustained by the claimant; and (4) the award of damages is predicated on any of the cases stated in Article 2219 of the Civil Code.[38]

To reiterate, respondent had no legal right to immediately disconnect petitioners’ electrical supply without observing the requisites of law which, in turn, are akin to due process. Had respondent been more circumspect and prudent, petitioners could have been given the opportunity to controvert the initial finding of alleged meter tampering. Said the RTC:

“More seriously, the action of the defendant in maliciously disconnecting the electric service constitutes a breach of public policy. For public utilities, broad as their powers are, have a clear duty to see to it that they do not violate nor transgress the rights of the consumers. Any act on their part that militates against the ordinary norms of justice and fair play is considered an infraction that gives rise to an action for damages. Such is the case at bar.”[39]

Indeed, the Supreme Court has ruled in *Meralco v. CA*[40] that respondent is required to give notice of disconnection to an alleged delinquent customer. The Court said:

“x x x One can not deny the vital role which a public utility such as MERALCO, having a monopoly of the

supply of electrical power in Metro Manila and some nearby municipalities, plays in the life of people living in such areas. Electricity has become a necessity to most people in these areas, justifying the exercise by the State of its regulatory power over the business of supplying electrical service to the public, in which petitioner MERALCO is engaged. Thus, the state may regulate, as it has done through Section 97 of the Revised Order No. 1 of the Public Service Commission, the conditions under which and the manner by which a public utility such as MERALCO may effect a disconnection of service to a delinquent customer. Among others, a prior written notice to the customer is required before disconnection of the service. Failure to give such prior notice amounts to a tort.”[41]

Observance of the rights of our people is sacred in our society. We cannot allow such rights to be trifled with or trivialized. Although the Court sympathizes with respondent’s efforts to stamp out the illegal use of electricity, such action must be done only with strict observance of the rights of our people. As has been we succinctly said: “there is a right way to do the right thing at the right time for the right reason.”[42]

However, the amount of moral damages, which is left largely to the sound discretion of the courts, should be granted in reasonable amounts, considering the attendant facts and circumstances.[43] Moral damages, though incapable of pecuniary estimation, are designed to compensate the claimant for actual injury suffered and not to impose a penalty.[44] Moral damages are not intended to enrich a plaintiff at the expense of the defendant.[45] They are awarded only to obtain a means, a diversion or an amusement that will serve to alleviate the moral suffering the injured party has undergone by reason of the defendant’s culpable action.[46] They must be proportionate to the suffering inflicted.[47]

It is clear from the records that respondent was able to restore the electrical supply of petitioners on the same day. Verily, the inconvenience and anxiety they suffered as a result of the disconnection was thereafter corrected. Thus, we reduce the RTC’s grant of moral damages to the more equitable amount of P100,000.

Exemplary damages, on the other hand, are imposed by way of example or correction for the public good in addition to moral, temperate, liquidated or compensatory damages.[48] It is not given to enrich one party and impoverish another, but to serve as a deterrent against or as a negative incentive to socially deleterious actions.[49] In this case, to serve an example -- that before a disconnection of electrical supply can be effected by a public utility like Meralco, the requisites of law must be faithfully complied with -- we award the amount of P50,000 to petitioners.

Finally, with the award of exemplary damages, the award of attorney’s fees is likewise granted.[50] It is readily apparent that petitioners needed the services of a lawyer to argue their cause, even to the extent of elevating the matter to this Court;[51] thus, an award of P50,000 is considered sufficient.

Final Issue:

Billing Differential

Finally, this Court holds that despite the basis for the award of damages -- the lack of due process in immediately disconnecting petitioners’ electrical supply -- respondent’s counterclaim for the billing differential is still proper. We agree with the CA that respondent should be given what it rightfully deserves. The evidence it presented, both documentary and testimonial, sufficiently proved the amount of the differential.

Not only did respondent show how the meter examination had been conducted by its experts, but it also established the amount of P193,332.96 that petitioners owed respondent. The procedure through which this amount was arrived at was testified to by Meralco’s Senior Billing Computer Enrique Katipunan. His testimony was corroborated by documentary evidence showing the account’s billing history and the corresponding computations. Neither do we doubt the documents of inspections and examinations presented by respondent to

prove that, indeed there had been meter tampering that resulted in unrecorded and unpaid electrical consumption.

The mere presentation by petitioners of a Contract to Sell with Assumption of Mortgage[52] does not necessarily mean that they are no longer liable for the billing differential. There was no sufficient evidence to show that they had not been actually residing in the house before the date of the said document. Lorna Quisumbing herself admitted[53] that they did not have any contract for electrical service in their own name. Hence, petitioners effectively assumed the bills of the former occupants of the premises.

Finally, the CA was correct in ruling that the convincing documentary and testimonial evidence presented by respondent, was not controverted by petitioners.

WHEREFORE, the Petition is hereby PARTLY GRANTED. The assailed CA Decision is MODIFIED as follows: petitioners are ORDERED to pay respondent the billing differential of P193,332.96; while respondent is ordered to pay petitioners P100,000 as moral damages, P50,000 as exemplary damages, and P50,000 as attorney's fees. No pronouncement as to costs.

SO ORDERED.

Melo, (Chairman), Sandoval-Gutierrez, and Carpio, JJ., concur.
Vitug, J., abroad on official business.

[1] Rollo, pp. 17-30; penned by Justice Remedios A. Salazar-Fernando and concurred in by Justices Ma. Alicia Austria-Martinez (Division chairman) and Oswaldo D. Agcaoili (member).

[2] Rollo, p. 15.

[3] CA Decision, p. 13; rollo, p. 29.

[4] CA Decision, pp. 2-4; rollo, pp. 18-20.

[5] Although this was the amount granted by the CA in its assailed Decision, the amount prayed for by respondent in its Counterclaim and shown in its documentary and testimonial evidence was P193,332.96.

[6] The case was deemed submitted for decision on January 26, 2001, upon this Court's receipt of the Memorandum for petitioners signed by Atty. Andrew D. Inocencio. Respondent's Memorandum, filed on January 16, 2001, was signed by Atty. Jose Ronald V. Valles.

[7] Rollo, pp. 136-143.

[8] Petitioner's Memorandum, p. 2; rollo, p. 137.

[9] Section 4, RA 7832, December 8, 1994.

[10] Meralco v. CA, GR No. 108301, July 11, 2001.

[11] CA Decision, p. 8; rollo, p. 24.

[12] TSN, July 10, 1997, pp. 24-25.

[13] Ibid., pp. 47-48.

[14] TSN, August 21, 1997, pp. 46-47.

[15] Section 4 (a) (viii), RA 7832, December 8, 1994.

- [16] Ramos v. CA, 108 SCRA 728, October 30, 1981; Banawa v. Mirano, 97 SCRA 517, May 16, 1980; Espiritu v. Cipriano, 55 SCRA 533, February 15, 1974; Republic Flour Mills, Inc. v. Commissioner of Customs, 39 SCRA 269, May 31, 1971.
- [17] Agpalo, Statutory Construction, 1990 ed., p. 45, citing Resins, Inc. v. Auditor General, 25 SCRA 754, October 29, 1968.
- [18] Record of the Senate, Vol. IV, No. 61, March 9, 1994, p. 357.
- [19] TSN, July 10, 1997, pp. 27-28.
- [20] Ibid., pp. 31-32.
- [21] Republic v. Cocofed, GR Nos. 147062-64, December 14, 2001, per Panganiban, J. citing Diamante v. CA, 206 SCRA 52, 64, February 7, 1992, per Davide Jr., J. (now CJ), which in turn cited Insular Life Assurance Co., Ltd. Employees Association – NATU v. Insular Life Assurance Co., Ltd., 76 SCRA 50, 61-62, March 10, 1977, per Castro, CJ.
- [22] Records, pp. 336-354.
- [23] Ibid., pp. 355-369.
- [24] Annex “A” of Exhibit “10,” BOE Case No. 85-121, records, p. 353; Exhibit “11,” BPW Case No. 73-115, p. 361.
- [25] CA Decision, p. 11; rollo, p. 27.
- [26] Ong v. CA, 301 SCRA 387, January 21, 1999.
- [27] Ibid.
- [28] Article 2199, Civil Code.
- [29] Sabio v. The International Corporate Bank, GR No. 132701, September 4, 2001; Fernandez v. Fernandez, GR No. 143256, August 20, 2001; Bernardo v. Court of Appeals (Special Sixth Division), 275 SCRA 413, July 14, 1997.
- [30] TSN, November 28, 1996, pp. 15-17.
- [31] Magat Jr. v. CA, 337 SCRA 298, August 4, 2000; Integrated Packaging Corp. v. CA, 333 SCRA 170, June 8, 2000.
- [32] Bayer Phils., Inc. v. CA, 340 SCRA 437, September 15, 2000.
- [33] RTC Decision, p. 3; rollo, p. 33.
- [34] Article 2219 (10), Civil Code.
- [35] Article 32, Civil Code.
- [36] Article 2217, Civil Code.
- [37] Ibid.
- [38] Citytrust Banking Corporation v. Villanueva, GR No. 141011, July 19, 2001; Expertravel & Tours, Inc. v. CA, 309 SCRA 141, 145, June 25, 1999.

- [39] RTC Decision, p. 5; rollo, p. 35, per Judge Marciano I. Bacalla.
- [40] 157 SCRA 243, January 22, 1988.
- [41] Ibid., pp. 247-248, per Yap, J.
- [42] Paper Industries Corp. of the Phils. v. Asuncion, 307 SCRA 253, 275, May 19, 1999, per Panganiban, J.
- [43] Prudenciado v. Alliance Transport System, Inc., 148 SCRA 440, March 16, 1987.
- [44] San Andres v. CA, 116 SCRA 81, August 21, 1982.
- [45] Radio Communications of the Philippines, Inc. v. Rodriguez, 182 SCRA 899, February 28, 1990.
- [46] R & B Surety & Insurance Co., Inc. v. Intermediate Appellate Court, 129 SCRA 736, June 22, 1984.
- [47] Ibid.
- [48] Article 2229, Civil Code.
- [49] Oarde v. CA, 280 SCRA 235, October 8, 1997.
- [50] Article 2208 (1), Civil Code.
- [51] Lucas v. Royo, 344 SCRA 481, October 30, 2000.
- [52] Exhibit "E," Plaintiffs' Formal Offer of Evidence; records, pp. 275-278.
- [53] TSN, November 28, 1996, pp. 32-33.

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