

**NPC DRIVERS AND MECHANICS ASSOCIATION (NPC DAMA),
REPRESENTED BY ITS PRESIDENT ROGER S. SAN JUAN, SR., NPC
EMPLOYEES & WORKERS UNION (NEWU)- NORTHERN LUZON,
REGIONAL CENTER, REP...**

G.R. No. 156208. November 21, 2017

Ponente: LEONARDO-DE CASTRO, J.

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LEONARDO-DE CASTRO, J.:

For resolution are the following motions filed subsequent to the entry in the Book of Entries of the Judgment of the Court's decision in the above-entitled case: (a) the National Power Corporation (NPC)'s Manifestation and Motion dated August 22, 2014; (b) Power Sector Assets and Liabilities Management Corporation (PSALM)'s Omnibus Motion dated August 22, 2015; (c) the petitioners' Motion to Expunge dated September 1, 2014; and (d) Meralco's Special Appearance with Urgent Motion for Clarification dated September 4, 2014.

Antecedent Facts

The Electric Power Industry Reform Act (EPIRA)[1] was enacted to ordain reforms in the electric power industry, including the privatization of the assets and liabilities of the NPC. Pursuant to this objective, the said law created the National Power Board (NPB) consisting of nine (9) heads of agencies as members, to wit: (a) Secretary of Finance, (b) Secretary of Energy, (c) Secretary of Budget and Management, (d) Secretary of Agriculture, (e) Director-General of the National Economic and Development Authority, (f) Secretary of Environment and Natural Resources, (g) Secretary of the Interior and Local Government, (h) Secretary of the Department of Trade and Industry, and (i) President of the NPC.[2]

In line with NPC's privatization, the EPIRA also called for the NPC's restructuring. In this regard, the NPB passed NPB Resolution Nos. 2002-124 and 2002-125 directing the termination from service of all NPC employees effective January 31, 2003. The restructuring plan covered even "Early-leavers" or those who: (a) did not intend to be rehired by NPC based on the new organizational structure, or (b) were no longer employed by NPC after June 26, 2001, the date of the EPIRA's effectivity, for any reason other than voluntary resignation.[3]

The Main Decision

In Our Decision[4] dated September 26, 2006, we ruled that the above--mentioned resolutions were void and without effect. These were not passed by a majority of NPB's members, as only three out of nine members voted. The other four signatories to the resolutions were not members of the Board. They were merely representatives of those actually named under the EPIRA to sit as members of the NPB. Thus, their votes did not count.

Clarifying the Main Decision

Subsequently, We clarified the effect of Our Decision in our Resolution dated September 17, 2008 to wit:

- The Court's Decision does not preclude the NPB from passing another resolution, in accord with law and

jurisprudence, approving a new separation program from its employees.

- The termination of the petitioners' employment on January 31, 2003 was illegal.
- Due to the illegal dismissal, as a general rule, the petitioners are entitled to reinstatement. However, reinstatement has become impossible because NPC was still able to proceed with its reorganization prior to the promulgation of the Decision dated September 26, 2006.
- Thus, the petitioners are entitled to the following:
 - Separation pay in lieu of reinstatement, based on a validly approved separation program of the NPC; and
 - Back wages together with wage adjustments and all other benefits which they would have received had it not been for the illegal dismissal, computed from January 31, 2003 until actual reinstatement or payment of separation pay.
- However, any amount of separation benefits already received by the petitioners under NPB Resolution Nos. 2002-124 and 2002-125 shall be deducted from their total entitlement.

We also approved a 10% charging lien in favor of the petitioners' counsels, Attys. Aldon and Orocio, in accordance with the Labor Code which limits attorney's fees in illegal dismissal cases (in the private sector) to 10% of the recovered amount.

Finally, We deferred the computation of the actual amounts due the petitioners and the enforcement of payment thereof by execution to the proper forum, as this Court is not a trier of facts. We held that this Court is not equipped to receive evidence and determine the truth of the factual allegations of the parties on this matter.

NPB Ratifies NPB Resolution Nos. 2002-124 and 2002-125

In the meantime, on September 14, 2007, the NPB issued Resolution No. 2007-55, which adopted, confirmed, and approved the principles and guidelines enunciated in NPB Resolution Nos. 2002-124 and 2002-125.

Entry of Judgment

Our Decision dated September 26, 2006 became final and executory on October 10, 2008. The entry of judgment thereof was made on October 27, 2008. Thus, in Our Resolution dated December 10, 2008, we granted the petitioners' motion for execution. We directed the Chairman and Members of the NPB and the President of NPC (NPB/NPC) to prepare a verified list of the names of all NPC employees terminated/separated as a result of NPB Resolution Nos. 2002-124 and 2002-125, and the amounts due to each of them, including 12% legal interest. We also directed the Office of the Clerk of Court and ex-officio Sheriff of the Regional Trial Court (RTC) of Quezon City to: a) issue a writ of execution based on the list submitted by the NPC, and b) undertake all necessary actions to execute the herein decision and resolution.

The petitioners sought to cite the NPB/NPC for contempt for its alleged failure to comply with the Court's directive. They also insisted for the garnishment and/or levy of NPC's assets, including those of PSALM, for the satisfaction of the judgment.

The NPC countered that there were actually only 16 NPC personnel terminated on January 31, 2003. Also, the issuance of NPB Resolution No. 2007-55 cured the infirm NPB Resolution Nos. 2002-124 and 2002-125. Thus, the termination on January 31, 2003 was valid and legal.

Extent of Illegal Dismissal and PSALM's Liability

In our Resolution dated December 2, 2009, We held that Our previous rulings contemplated the illegal dismissal

of all NPC employees pursuant to NPB Resolution Nos. 2002-124 and 2002-125, not just 16. Based on NPC Circular No. 2003-09, the terminations were implemented in four (4) tranches, viz.: (a) Top executives - effective January 31, 2003; (b) Early-leavers - effective January 15, 2003; (c) Those no longer employed in the NPC after June 26, 2001 - effective on the date of actual separation; and (d) All other personnel - effective February 28, 2003.

We ruled further that the issuance of NPB Resolution No. 2007-55 on September 14, 2007 only means that the services of all NPC employees have been legally terminated on this date. Thus, the petitioners' entitlement (i.e., separation pay in lieu of reinstatement plus back wages less benefits already received) shall be reckoned from the above-mentioned dates (instead of just January 31, 2003) up to September 14, 2007.

Lastly, We held that PSALM's assets may be subject of the execution of this case. We explained that under the EPIRA, PSALM shall assume all of NPC's existing generation assets, liabilities, IPP contracts, real estate, and other disposable assets. It would be unfair and unjust if PSALM gets nearly all of NPC's assets but will not pay for liabilities incurred by NPC during the privatization stage. Further, there was a transfer of interest over these assets by operation of law. These properties may be used to satisfy the judgment.[5]

Our Jurisdiction, Legal Interest, and NPB Resolution No. 2007-55's Non--Retroactivity

In our Resolution dated June 30, 2014, we emphasized that by virtue of Section 78 of the EPIRA, We have jurisdiction to rule on the issue of the illegal termination of NPC employees. Also, since Our Decision dated September 26, 2006 and Resolution dated September 17, 2008 have already become final and executory, NPC is barred by the principles of estoppel and finality of judgments from raising arguments aimed at modifying Our final rulings.

Further, we held that Our Resolution dated September 17, 2008 did not grant additional reliefs. It merely clarified the Decision dated September 26, 2006.

On the other hand, we also ruled that Our Resolution dated December 10, 2008 did not exceed the terms of the Resolution dated September 17, 2008 (inasmuch as it also awarded interest). Legal interest on the judgment debt shall be computed as follows:

- 12% from October 10, 2008 (finality of the Decision dated September 26, 2006) until June 30, 2013; and
- 6% from July 1, 2013 (effectivity of Central Bank Circular No. 799) onwards.

As for NPB Resolution No. 2007-55, We pointed out that it did not affect our final rulings as the said resolution shall be applied prospectively (September 14, 2007 onwards).

We continued to explain PSALM's liability in this case. Pursuant to Sections 47, 49, 50, and 55 of the EPIRA, PSALM assumed NPC's liabilities existing at the time of the EPIRA's effectivity, including the separation benefits due to the petitioners.

Finally, We found the NPC and Office of the Solicitor General (OSG) guilty of indirect contempt due to their noncompliance with our final orders. The parties were ordered to pay a fine of P30,000.00 each.

Implementation and Execution of the Court's Main Decision and Resolutions

Pursuant to Our Resolution dated June 30, 2014, the RTC Clerk of Court and Ex-Officio Sheriff issued a Demand for Immediate Payment dated July 28, 2014 and served the same upon the NPC and PSALM. The demand amounted to P62,051,646,567.13 broken down as follows:

Judgment amount,[6] inclusive of 10% charging lien

P60,244,316,841.88

Lawful fees and costs of execution

1,807,329,725.25

Total amount demanded

P62,051,646,567.13

A few days later, in a letter dated July 31, 2014, the RTC Clerk of Court and Ex Officio Sheriff asked the Court to clarify the effects of our Resolution dated June 30, 2014, specifically whether the judgment may already be executed. In response, some of the petitioners, as represented by Attys. Aldon and Orocio, also wrote a letter dated August 5, 2014 to request the Court to immediately act on this matter.

Before the Court could act on the above-mentioned correspondences, the RTC Clerk of Court and ex-officio Sheriff issued Notices of Garnishment addressed to the Manila Electric Company (Meralco), and National Transmission Commission (Transco)[7] with respect to all credits in or under their possession or control owing or payable to NPC and/or PSALM, including but not limited to bank deposits and financial interests, goods, effects, stocks, interest in stock and shares, and any other personal properties. Another Notice of Garnishment was also served upon Land Bank of the Philippines (Landbank) in relation to NPC and PSALM's bank accounts.[8]

In separate letters, PSALM, through its president and chief executive officer Emmanuel R. Ledesma, Jr., advised Meralco and Transco to "exercise restraint and refrain from improvidently releasing funds" owing to PSALM to satisfy the Notices of Garnishment served upon them.

NPC Employees List Requirement and Suspension of Execution

In Our Resolution dated September 9, 2014, the Court directed the parties to submit their separate lists of NPC employees as of January 31, 2002, showing the following data:

- The full name;
- Date of hire;
- Last date of uninterrupted service after date of hire;
- Position. and salary as of last date of service; and
- If termination or separation pay has been received at any time from NPC, the amount of termination or separation pay received and date of receipt.

Further, We directed the RTC Clerk of Court and Ex-Officio Sheriff: (a) to defer the implementation of the Main Decision and the Resolutions dated September 17, 2008, December 2, 2009, and June 30, 2014 while We consider the submissions now before Us and until further notice; and (b) lift the Notice of Garnishment dated August 14, 2014.

Subsequently, in Our Resolution dated October 20, 2014, we modified the terms of Our Resolution dated September 9, 2014 and required a more detailed list as follows:

- Employee's full name;
- Date of hire;
- Position as of date of hire;
- Date of actual termination under NPB Resolution Nos. 2002-124 and 2002-125;
- Position as of date of actual termination under NPB Resolution Nos. 2002-124 and 2002-125;
- Salary as of last date of actual termination;
- Separation pay that the employee is entitled to under the approved separation pay program;
- Date of receipt of separation pay;
- Amount of separation pay received;
- Wage adjustments and other benefits that the employee is entitled to from the date of actual termination until September 14, 2007;
- Wage adjustments and other benefits that the employee has received from the date of actual termination until September 14, 2007;
- Date of re-hire by the NPC, the PSALM, or the TRANSCO, if any;
- Position as of date of re-hire by the NPC, the PSALM, or the TRANSCO, if any;
- Salary as of date of re-hire by the NPC, the PSALM, or the TRANSCO, if any;
- Subsequent position/s in the NPC, the PSALM, or the TRANSCO as a result of personnel actions after the date of re-hire;
- Date of release of appointment papers in the subsequent position/s;
- Salary in the subsequent position/s;
- Date of actual termination in the NPC, the PSALM, or the TRANSCO, if any;
- Separation pay that the employee is entitled to under the approved separation pay program;
- Amount of separation pay received;
- Date of receipt of separation pay.[9]

The NPC and PSALM submitted their compliance to our Resolution dated October 20, 2014.

The NPC submitted a list of 9,272 employees, including details required by our Resolution dated October 20, 2014, through their Compliance Ad Cautelam dated March 16, 2015. However, it made the following reservations:

- Its submission should not prejudice the reliefs prayed for in NPC's Manifestation and Motion dated August 22, 2014.
- The figures in the submission are necessarily indeterminate because they are subject to the final outcome of disallowance proceedings under the Commission on Audit and a pending case before the RTC (Case No. R-QZN-15-01290 CV) based on their lack of appropriation cover.

On the other hand, PSALM's submission was partially based on the information it received from NPC, the

custodian of personnel records, which considered 47 former NPC employees. PSALM points out that it is unable to provide complete information.

It argues that assuming that it is liable, the affected NPC employees have already been paid separation benefits pursuant to Rule 33 of the EPIRA Implementing Rules.

Motions Pending Resolution

The motions that remain pending before Us (after the Resolution dated June 30, 2014) are as follows: (a) the NPC's Manifestation and Motion dated August 22, 2014; (b) PSALM's Omnibus Motion dated August 22, 2015; (c) the petitioners' Motion to Expunge dated September 1, 2014; and (d) Meralco's Special Appearance with Urgent Motion for Clarification dated September 4, 2014.

The NPC's Manifestation and Motion dated August 22, 2014

The NPC argues as follows:

- The subject matter of the case has a huge financial impact, which must be decided en banc.

PSALM echoes this view.^[10] It further claims that two divisions of the Court have given conflicting decisions-while one has ruled that PSALM is an indispensable party, the other considered them as a necessary party. Thus, in PSALM's view, to remedy the seeming conflict between the two rulings, the present case must be referred to the Court en banc.

In Our Resolution dated September 9, 2014, we deferred the resolution of this matter pending full consideration of other remaining motions submitted by the parties.

- The Supreme Court has no jurisdiction over illegal dismissal cases of NPC employees. Jurisdiction is vested with the Civil Service Commission (CSC).
- Department secretaries may vote through representatives.
- In the absence of an actual computation of the amounts due to the petitioners, the RTC Clerk of Court and Ex-Officio sheriff of Quezon City cannot garnish NPC's properties. The Court's delegation of authority must first be raffled to an RTC judge for proper determination pursuant to the Court's Resolution dated June 30, 2014.

PSALM's Omnibus Motion dated August 22, 2015^[11]

PSALM maintains that it should be absolved from any liability in this case due to the following reasons:

- PSALM shall only be liable for obligations/liabilities that were exclusively listed under the EPIRA, to wit: (1) NPC liabilities transferred to PSALM, (2) transfers from the national government, (3) new loans, and (4) NPC stranded contract costs.^[12] Thus, despite the privatization of NPC's assets, NPC remained as separate and distinct from PSALM. It is capable of fulfilling its own obligations that were not assumed by PSALM.
- The obligation to pay separation benefits was not among the liabilities assumed by PSALM because it arose only after the EPIRA took effect.^[13]
- Under Section 49 of the EPIRA, PSALM shall be liable only for NPC's selected outstanding obligations. The obligation to pay separation benefits in the present case was not an outstanding obligation assumed by PSALM because, at the time of the EPIRA's passage, the obligation did not yet exist nor did it arise from any loan, bond issuance, security and other instrument or indebtedness.^[14]
- The obligation to pay the separation benefits in the present case only arose after the EPIRA took effect. Only

NPC liabilities existing during the effectivity of the EPIRA were transferred to PSALM. Such transfer could not have included even NPC liabilities incurred after the EPIRA took effect.

- NPC remains to be solely liable for the payment of separation benefits in this case.
- Separation benefits as a result of the privatization of NPC are governed by Section 63 of the EPIRA and Rule 33 of its Implementing Rules.
- Under Section 4, Rule 33 of the Implementing Rules, funds necessary to cover the payment of separation pay shall be provided by either the GSIS or from the corporate funds of the NEA or the NPC, as the case may be. The Buyer or Concessionaire or the successor company shall not be liable for the payment thereof.
- There is no basis to hold PSALM liable. The IRR clearly mandates that the payment of separation pay in favor of displaced NPC employees shall be out of NPC's own corporate funds.
- If PSALM is at all liable, its liability is limited to the separation pay of NPC employees terminated pursuant to a valid separation plan. PSALM cannot be held liable for separation pay arising from a separation/restructuring plan that was tainted with irregularities and bad faith. If the law had intended PSALM to assume even the obligation to pay separation pay, the same would have been clear and categorical.[15]

However, in PSALM's Supplement to the Compliance dated October 27, 2014,[16] it argues that the separation program was effected through valid board actions. The laws applicable to government corporations like NPC recognize the validity of designating alternates to sit as members of the governing boards.

Further, based on the Congressional deliberations leading to the EPIRA's enactment, the legislature intended to limit NPC liabilities to be transferred and assumed by PSALM only to NPC debts arising from direct contractual obligations with banking and multilateral financial institutions.[17]

- Its right to due process was violated when it was declared as a mere necessary party to the case.
- In keeping with PSALM's right to due process, the Notices of Garnishment issued to it by the Regional Trial Court, Quezon City, Clerk of Court should be quashed for being fatally defective.
- Prior approval by the Commission on Audit (COA) must first be obtained before any money judgment can be enforced against PSALM.

On the other hand, the petitioners counter that while government funds are generally not subject to execution, this rule admits of exceptions.[18] Relying on *National Housing Authority v. Heirs of Isidro Guivelondo*,[19] they argue that funds belonging to a public corporation or a government-owned or controlled corporation like PSALM, which is clothed with its own personality, separate, and distinct from that of the government are not exempt from garnishment.[20]

Petitioners' Motion to Expunge dated September 1, 2014

The petitioners argue that the NPC's Manifestation and Motion dated August 22, 2014 and PSALM's Omnibus Motion dated August 22, 2015 violate the prohibition against the filing of a second motion for reconsideration. In their view, the arguments raised in these motions are mere rehashes of issues already resolved and disposed of by the Court. Thus, the petitioners request that these motions be denied and excluded from the records of the case altogether.

Meralco's Special Appearance with Urgent Motion for Clarification dated September 4, 2014

Meralco filed its Special Appearance before the Court in view of: (a) the Notice of Garnishment dated August 14,

2014 served by the RTC Clerk of Court and Ex-Officio Sheriff garnishing all credits owing to PSALM but in and under Meralco's possession and control; and (b) PSALM's letter of even date cautioning Meralco to exercise restraint and refrain from releasing funds due to PSALM but still in its (Meralco) possession.

Meralco manifests to the Court the following:

- In response to the Notice of Garnishment, it filed a Compliance and Manifestation dated August 19, 2014. Meralco informed the RTC Clerk of Court and Ex-Officio Sheriff that it is ready and willing to comply with the RTC's directives and processes. However, there are serious repercussions that may arise due to the garnishment of PSALM's credits (i.e., suspension and/or nonpayment/fulfillment of reciprocal obligations between PSALM and Meralco, possible breach of contract on Meralco's part, etc.). Thus, the parties must first clarify these matters with and seek guidance from the Court.

- Meralco also asserts that its regular remittances to PSALM may be any one of three types, to wit: (a) universal charges for: 1) NPC's stranded contract costs, 2) missionary electrification, and 3) environmental charges; (b) line rental costs for energy purchases of Sunpower Philippines Manufacturing Limited (Sunpower); and (c) deferred accounting adjustments - generation rate adjustment mechanism (DAA-GRAM).

It discusses each type of remittance as follows:

- Universal charges are collected by Meralco and remitted to PSALM by virtue of several Energy Regulatory Commission (ERC) rulings.[21] In accordance with the EPIRA, upon remittance, PSALM will then place the amounts received in a Special Trust Fund (STF), which shall be disbursed for purposes specified in Section 34 of the EPIRA[22] and in favor of identified beneficiaries. Meralco claims that the judgment obligation in the present case has not been included in the previous filings of the NPC/PSALM for the recovery of any component of universal charge.

- Line rental cost is an amount billed by the Philippine Electricity Market Corporation (PMC) to buyers of electricity covered by bilateral contracts to account for the cost of energy lost in the process of delivering contracted energy volumes from a generator's plant to the buyers. Sunpower is one of the said buyers of electricity. There is a special arrangement with regard to the line rental cost attributable to Sunpower where, instead of billing Sunpower directly, PMC bills PSALM, which in turn bills Meralco. Meralco then has the duty to collect the amount from Sunpower. Upon collection, Meralco shall remit the amount to PSALM, which will ultimately be remitted to PMC. Thus, while the amounts of line rental cost will be initially remitted to PSALM, the latter does not own the same nor will it accrue in its favor.

- DAA-GRAM is a means approved by the ERC allowing the NPC to recover the difference between the allowable fuel and purchased power costs and the amounts recovered under the basic generation charge for the period from January 2007 to April 2010. Meralco shall collect the DAA-GRAM from the end users and remit the same in favor of the NPC. Stated differently, it is a pass-through charge.

Meralco points out that since the Notice of Garnishment covers all credits owing to PSALM/NPC, it is thus being required to withhold all the above-mentioned remittances. However, the law sets aside these collections for specific purposes. There is also an established process before Meralco can collect these amounts from its customers.[23]

Finally, Meralco avers that it is not in a position to determine the validity of the Notice of Garnishment or whether the amounts in its possession and owing to PSALM are proper subjects of the garnishment. It is not even a party to the present case. Thus, Meralco has come before the Court to clarify: (a) whether the amounts in its possession pertaining to universal charges, line rental cost, and DAA-GRAM may be garnished in satisfaction of the

judgment obligation in the present case, and (b) whether separation benefits may be recovered as part of the universal charge.

In its comment to Meralco's Special Appearance,[24] PSALM maintains that separation benefits are not recoverable from collections of universal charges. Section 34 of the EPIRA clearly enumerates the purposes by which the proceeds from these charges may be disbursed. The judgment obligation in the present case not being one of these purposes, the garnishment of the universal charges in the custody of the Meralco and payable to PSALM violates the EPIRA.

PSALM adds that amounts pertaining to universal charges, line rental cost, and DAA-GRAM are not NPC assets. These are exactions authorized by law for a specific purpose and, thus, cannot be garnished.

On the other hand, the petitioners aver that the amounts pertaining to the universal charge may be garnished.

Issues

Based on the parties' submissions, the issues now before Us are as follows:

- May PSALM be held directly liable for the judgment debt?
- Can the RTC Clerk of Court and Ex-Officio Sheriff immediately and directly proceed with the garnishment or levy of NPC assets?
- What is the formula to compute the petitioners' entitlement?

The Court's Ruling

At the onset, We emphasize that most of the matters raised by respondents NPC and PSALM in their respective submissions have already been ruled upon by the Court and have since attained finality, i.e., (a) NPB Resolution Nos. 2002-124 and 2002-125 are void and without legal effect; (b) As a result, the petitioners were illegally dismissed; (c) As illegally dismissed employees, they are entitled to separation pay in lieu of reinstatement, back wages, and other wage adjustments, but after deduction of the separation pay they already received under the restructuring plan; and (d) Counsels for the petitioners are entitled to a 10% charging lien.

Thus, this resolution shall address only the new matters raised in the above-mentioned pending motions.

First, We affirm Our Resolution dated June 30, 2014 that PSALM is directly liable for the judgment obligation. While the general rule is that the NPC, as the employer guilty of illegal dismissal, shall be liable for the petitioners' entitlement, PSALM assumed this obligation. PSALM's assumption is clear based on the following reasons: (a) the subject liability was already existing at the time of the EPIRA's effectivity and was transferred from NPC to PSALM by virtue of Section 49 of the law; (b) the subject liability is a "Transferred Obligation" as defined under the Deed of Transfer; and (c) under the EPIRA, PSALM is duty-bound to settle this liability.

Second, while PSALM is directly liable for the payment of the petitioners' entitlement, We direct the petitioners to follow the proper procedure to enforce a judgment award against the government. We have consistently ruled that the back payment of any compensation to public officers and employees cannot be done through a writ of execution.[25] The COA has exclusive jurisdiction to settle "all debts and claims of any sort due from or owing to the Government or any of its subdivisions, agencies, and instrumentalities." [26] The proper procedure to enforce a judgment award against the overnment is to file a separate action before the COA for its satisfaction.[27]

Third, as a matter of prudence, We also propose guidelines that shall aid the COA in determining, re-computing, and validating the amount due to the petitioners.

The petitioners' entitlement shall be computed based on the following general formula: Separation pay in lieu of reinstatement plus back wages plus other wage adjustments minus separation pay already received under the plan.[28]

On the other hand, the attorney's charging lien shall be 10% of the petitioners' entitlement, after deducting the separation pay already received by the petitioners under the restructuring plan.

Lastly, aside from the petitioners' entitlement, illegally dismissed employees are entitled to interest at the legal rate.[29] The payment of legal interest is a "natural consequence of a final judgment." [30] Interest on the judgment award shall be computed as follows: (1) 12% per annum from October 8, 2008,[31] until June 30, 2013; and (2) 6% per annum from July 1, 2013 onwards.

Issues Already Resolved with Finality

Before proceeding to the above-mentioned issues, We observe that the NPC and PSALM have, up to this point, repeatedly and continuously defended the validity of NPB Resolution Nos. 2002-124 and 2002-125, as well as the resulting separation of NPC employees.

To recall, Our Main Decision dated September 26, 2006 and Resolution dated September 17, 2008 have already been entered in the Book of Entries of Judgment.[32] Thus, as we ruled in Our Resolution dated June 30, 2014, it is clear that these rulings have become final and executory.

For emphasis, the matters resolved by the Court in these rulings are as follows:

ILLEGAL DISMISSAL

- NPB Resolution Nos. 2002-124 and 2002-125 are void and without legal effect (Main Decision).
- The logical and necessary consequences (Resolution dated September 17, 2008) of these invalid resolutions are as follows:
 - The terminations pursuant to these resolutions were illegal dismissals.
 - This contemplates the illegal dismissal of all NPC employees, not just 16 employees, who were dismissed on different dates pursuant to the NPC restructuring (Resolutions dated December 2, 2009 and June 30, 2014).
 - Reinstatement has become impossible.
 - Those illegally dismissed are entitled to: separation pay in lieu of reinstatement plus back wages less benefits already received under the approved separation program (Petitioners' entitlement).
 - The issuance of NPB Resolution No. 2007-55 on September 14, 2007 only means that the services of all NPC employees have been legally terminated on this date (Resolution dated December 2, 2009). It shall be applied prospectively (Resolution dated June 30, 2014).

CHARGING LIEN

- Attys. Aldon and Orocio are entitled to a 10% charging lien (Resolution dated September 17, 2008).

The basic rule is that a judgment that has lapsed into finality is immutable and unalterable.[33] Thus, the matters that have already been resolved in the Main Decision and Resolution dated September 17, 2008 should no longer be disturbed.

The respondents' persistence to overturn an unfavorable but final judgment is exactly what the rule on

immutability of judgments seeks to address. A losing party cannot endlessly evade an obligation by filing appeal after appeal. Nor can a winning party continuously demand for more than what has been adjudged in his favor by asking the court to repeatedly reconsider his/her claims. There must be an end to litigation. Controversies cannot drag on indefinitely because fundamental considerations of public policy and sound practice demand that the rights and obligations of every litigant must not hang in suspense for an indefinite period of time.[34]

The NPC and OSG's mistaken belief that they could repeatedly raise the same defenses in the hopes of securing a judgment in their favor has even led the Court to find them guilty of indirect contempt after they refused to comply with Our Resolution dated December 8, 2008.

The Court En Banc properly resolved to accept the case

Both respondents request that the present case be resolved by the Court en banc. While the NPC grounds its request on the subject matter's sizeable financial impact, PSALM claims that there are conflicting rulings that may only be resolved by the Court sitting en banc.

We agree with the NPC.

Verily, the Court has already struck down similar requests made previously by the NPC.[35] However, the following must be considered:

- Based on the list submitted by the NPC[36] pursuant to Our Resolution dated October 20, 2014, a total of 9,272 former NPC employees stand to benefit from the judgment award.
- The NPC has estimated that these employees may be entitled to separation pay amounting to at least P7,311,084,851.79. However, this amount still does not include:
- Back wages and other wage adjustments, and
- Legal interest on the judgment debt, which started to accrue as early as October 10, 2008-the date when the Main Decision became final-and has continued to run to this day, almost a decade after.

From these, it is clear that the present case's subject matter will have a huge financial impact on the NPC and/or PSALM, both of which play major parts in the country's electric power industry. Thus, a decision that may greatly affect the operations of these entities may, in turn, also affect the rendition of their services to the general public.

Cases of this nature are cognizable by the Court en banc, as provided in Rule 2, Section 3(k) of Our Internal Rules, viz.:

SEC. 3. Court en banc matters and cases. - The Court en banc shall act on the following matters and cases:

xxxx

(k) Division cases where the subject matter has a huge financial impact on businesses or affects the welfare of a community[.]

Matters Pending Court's Resolution

I. PSALM is directly liable for the judgment obligation

In Our Resolution dated June 30, 2014, we held that the separation benefits in the present case were NPC's "existing liability" at the time of the EPIRA's enactment and, thus, the same was transferred to PSALM. We explained:

The separation of NPC employees affected by its reorganization and privatization was a foregone conclusion.

In recognition of this, the EPIRA gave the assurance that these employees shall receive the separation pay and other benefits due them under existing laws, rules or regulations or be able to avail of the privileges under a separation plan which shall be one and one-half month salary for every year of service in the government. The employees' separation being an unavoidable consequence of the mandated restructuring and privatization of the NPC, the liability to pay for their separation benefits should be deemed existing as of the EPIRA's effectivity, and were thus transferred to PSALM pursuant to Section 49 of the law.[37]

In its Omnibus Motion dated August 22, 2015,[38] PSALM denies this liability by arguing as follows: (a) The liability to pay the separation benefits only arose after the effectivity of the EPIRA, (b) It was not among the obligations exclusively listed under the EPIRA for which PSALM shall be liable; and (c) NPC remains to be solely liable.

We disagree with PSALM.

The Court already held that herein petitioners are entitled to separation pay in lieu of reinstatement, plus back wages and other wage adjustments, less separation pay already received by virtue of the restructuring plan because they were illegally dismissed. Thus, to clarify, the liability is not limited just to separation pay but to the full entitlement of an illegally terminated employee, as We will further qualify below.

A. The General Rule

The settled rule is that an employer who terminates the employment of its employees without lawful cause or due process of law is liable for illegal dismissal.[39]

When the EPIRA mandated the NPC's privatization, it directed the sale, disposition, change and transfer of ownership and control of NPC's assets and IPP contracts[40] for the purpose of pooling funds to liquidate NPC's liabilities. This transaction is akin to an asset sale-type corporate acquisition in the law of mergers and acquisitions where one entity-the seller-sells all or substantially all of its assets to another-the buyer.[41]

In *SME Bank, Inc. v. De Guzman*,[42] we held that the rule in asset sales is that the employees may be separated from their employment, but the seller is liable for the payment of separation pay; on the other hand, the buyer in good faith is not required to retain the affected employees in its service, nor is it liable for the payment of their claims.

This is consistent with Our ruling in *Sundowner Development Corporation v. Drilon*,[43] that unless expressly assumed, labor contracts such as employment contracts and collective bargaining agreements are not enforceable against a buyer of an enterprise, labor contracts being in personam, thus binding only between the seller-employer and its employees.

Following these rules, the NPC, as employer, is liable for the illegal dismissal and, in effect, the payment of the petitioners' entitlement.

B. The Exceptions

There are however recognized exceptions to the general rule, where the employer's liability for the separation of its employees is nonetheless devolved upon the transferee of the employer's assets.

1. The transferee acknowledges the contractual obligation to be liable for separation pay

In *Republic v. National Labor Relations Commission*,[44] the government acquired Bicolandia Sugar Development Corporation (Bisudeco)'s assets and identified the same for privatization. Pursuant to the privatization, the assets were transferred to the Asset Privatization Trust (APT) for conservation, provisional management, and disposal. We recognized that, as a mere transferee/conservator of Bisudeco's assets, the APT

did not substitute Bisudeco as employer. The transfer was not for the purpose of continuing the latter's business. However, We found that the APT issued a resolution authorizing the payment of the Bisudeco employees' separation benefits. Thus, through the resolution, the APT acknowledged its contractual obligation to be liable for benefits arising from an employer-employee relationship even though, as a mere conservator of assets, it was not supposed to be liable.

2. The transferee assumes the obligation through a transfer document

On the other hand, in *Bank of the Philippine Islands v. BPI Employees Union-Davao Chapter-Federation of Unions in BPI Unibank*,^[45] pursuant to a corporate merger, the assets and liabilities of Far East Bank & Trust Company, the absorbed corporation, were transferred to the Bank of the Philippine Islands (BPI), the surviving entity. We recognized that employment is a personal consensual contract. Thus, in mergers, the absorbed corporation's employment contracts are not automatically absorbed by the surviving entity. However, the liability for separation and other benefits due to the absorbed corporation's former employees can be transferred to the surviving entity if the latter clearly assumed the obligation pursuant to the articles of merger.

C. The Present Case Falls Within the Exceptions

We reiterate Our finding in Our Resolution dated June 30, 2014 that, upon the NPC's privatization, PSALM assumed all of its liabilities, including the separation benefits due to the petitioners.

That PSALM assumed the NPC 's liability to pay these separation benefits is clear based on the following reasons: (1) The liability was already existing at the time of the EPIRA's effectivity and was transferred from NPC to PSALM by virtue of Section 49 of the law; (2) It is a "Transferred Obligation" as defined under the Deed of Transfer; and (3) Under the EPIRA, PSALM is duty-bound to settle the subject liability.

1. The subject liability was existing at the time of the EPJRA's effectivity and was transferred from NPC to PSALM by virtue of Section 49 of the law

The EPIRA provides:

SECTION 49. Creation of Power Sector Assets and Liabilities Management Corporation. - There is hereby created a government- owned and -controlled corporation to be known as the "Power Sector Assets and Liabilities Management Corporation," hereinafter referred to as the "PSALM Corp.," which shall take ownership of all existing NPC generation assets, liabilities, IPP contracts, real estate and all other disposable assets. All outstanding obligations of the NPC arising from loans, issuances of bonds, securities and other instruments of indebtedness shall be transferred to and assumed by the PSALM Corp. within one hundred eighty (180) days from the approval of this Act. (Emphasis supplied)

In Our Resolution dated June 30, 2014, the Court explained that the term "existing" in Section 49 qualified "liabilities" to mean that only those liabilities existing at the time of the EPIRA 's effectivity were subject of the transfer.

Verily, the liability (to pay separation benefits) here arose due to the petitioners' illegal dismissal. However, the separation from employment per se took place only pursuant to the EPIRA's mandate on NPC's privatization and restructuring, except that its implementation through NPB Resolution Nos. 2002-124 and 2002-125 was later on invalidated.

Stated differently, since the EPIRA mandated the NPC's privatization and subsequent restructuring, the law, when it took effect on June 26, 2001, had already contemplated the termination of all NPC employees as a logical effect of its mandate. To be sure, the liability to pay the full entitlement arising from the employees' separation is deemed to have existed upon the EPIRA's effectivity.

Thus, PSALM assumed the liability to pay the petitioners' full entitlement in the present case because: (a) Section 49 of the EPIRA mandated the transfer of all existing NPC liabilities to PSALM, and (b) Such liability was already existing at the time of the EPIRA's effectivity.

2. The subject liability is a "Transferred Obligation" as defined under the Deed of Transfer

Under the EPIRA, following are valid claims against PSALM:

SECTION 56. Claims Against the PSALM Corp. - The following shall constitute the claims against the PSALM Corp.:

(a) NPC liabilities transferred to the PSALM Corp.;

(b) Transfers from the National Government; (c) New Loans; and

(d) NPC stranded contract costs. (Emphasis supplied)

In the Deed of Transfer^[46] executed between them, the NPC and PSALM laid out the scope of the term "liabilities transferred" by differentiating their responsibilities over "Transferred Obligations" and "Contingent Liabilities."

On the one hand, PSALM assumed all of NPC's Transferred Obligations, which included all other liabilities and obligations of the NPC: (a) mandated by the EPIRA to be transferred to PSALM, and (b) which have been validated, fixed and finally determined to be legally binding on NPC by the proper authorities.^[47]

In contrast, NPC agreed to be solely responsible for its Contingent Liabilities or those as of the transfer date have not yet been validated, fixed, and finally determined to be legally binding on NPC.^[48]

Based on these provisions, it appears that the parties delineated their responsibility over NPC liabilities that arose as a result of a final determination of a proper authority, such that if such final determination has not yet been made as of the transfer date it is a Contingent Liability. Otherwise, it is a Transferred Obligation for which PSALM assumes responsibility.

Thus, the liability to pay the petitioners' separation benefits satisfies the conditions giving rise to a Transferred Obligation.

Our Rulings finally determined that the liability is legally binding and enforceable against the NPC

A plain reading^[49] of the provisions in the Deed of Transfer will reveal that a final judgment rendered by a court with competent jurisdiction holding the NPC liable for an obligation falls within the meaning of a liability "validated, fixed, and finally determined to be legally binding on NPC."

To emphasize, We adjudged that the NPC's liability for the petitioners' illegal dismissal and, consequently, the payment of their full entitlement was the logical and necessary effect of the nullification of NPB Resolution Nos. 2002-124 and 2002-125. Our ruling lapsed into finality on October 10, 2008.^[50] Clearly, Our Ruling constitutes a final determination that the liability is legally binding and enforceable against the NPC.

Our final determination of the liability was made as of the transfer date

If there had already been a final determination of the NPC's liability, the next question is: Was the final determination made as of the transfer date?

We answer in the affirmative.

According to the Deed of Transfer, the "transfer date" is "the date on which all of the conditions precedent are

either fulfilled or are waived." [51] While it would appear that the parties have executed such a waiver, [52] there is no indication in Our records of the exact date of execution, other than NPB Resolution No. 2009-40, [53] which refers to October 1, 2008 as the date of "transfer of assets and liabilities" of the NPC to PSALM.

However, upon further examination, [54] both the NPC [55] and PSALM [56] disclosed in their respective COA-audited financial statements that the actual transfer date was on December 31, 2008. The "transfer of assets and liabilities" that took place on October 1, 2008 was merely the transfer of "asset-debt accounts" from the NPC's books of account to PSALM's. [57]

To be clear, the liability was finally determined by the Court on October 10, 2008, the date of Our Ruling's finality, or before December 31, 2008, the actual transfer date recognized by the parties. Thus, the liability should be considered as a Transferred Obligation, the responsibility for which was passed on to PSALM pursuant to the terms of the Deed of Transfer.

3. Under the EPIRA, PSALM is duty-bound to settle the subject liability.

PSALM was created under the EPIRA for the principal purpose of privatizing the NPC's generation assets, real estate and other disposable assets, and IPP contracts with the ultimate objective of liquidating all NPC financial obligations and stranded contract costs. [58] It is empowered to take possession of, administer, and conserve, and subsequently sell or dispose the assets transferred to it pursuant to its established purpose. [59]

In 2012, PSALM disclosed [60] that the joint boards of directors of the NPC and PSALM authorized utilization of the privatization proceeds to pay the NPC's principal and other financial obligations. The proceeds from privatization shall include not only the proceeds from sale and disposition of NPC's generation and other disposable assets but also the proceeds from NPC's net profits. [61]

Without a doubt, PSALM is statutorily mandated not only to privatize NPC's generation assets, but also to manage the proceeds obtained from privatization including its net profits and use these proceeds to settle all of NPC's financial obligations, without exception.

This blanket responsibility is evident from PSALM's role even in the settlement of the NPC's Contingent Liabilities. Under the Deed of Transfer, while the NPC shall retain sole responsibility of a Contingent Liability, PSALM shall nonetheless provide for a mechanism to allow the NPC to satisfy the claim through, for example, a reserve fund or a provision under the Operation and Maintenance Agreement or any other agreement to be entered into by the parties. [62] Thus, whether or not the NPC has been finally determined to be liable for the claim, PSALM must see to it that the same is settled.

All told, PSALM expressly undertook all NPC Transferred Obligations under Section 3.01 of the Deed of Transfer, which, as previously discussed, includes the liability to pay the petitioners' entitlement. Thus, it is now bound to ensure that it is settled.

Even if We rule that the liability was not a Transferred Obligation nor was it ever voluntarily assumed under the Deed of Transfer, it is still clear that the law itself mandated PSALM to satisfy the same. PSALM's obligation is provided in: (a) Section 49 of the EPIRA, where it was directed to take ownership of all existing NPC liabilities; and (b) Section 50 of the EPIRA, where it was mandated to liquidate all NPC financial obligations.

Clearly, PSALM cannot now turn its back on an obligation that is both contractual and statutory. Although the liability was initially imposed upon the NPC as the petitioners' employer, the responsibility for its satisfaction now rests with PSALM.

This ruling is not affected by Section 4, Rule 33 [63] of the EPIRA IRR, which provides that the "funds necessary

to cover the separation pay" of all NPC employees displaced as a result of the restructuring plan "shall be provided either by the Government Service Insurance System (GSIS) or from the NPC's corporate funds."

As it now stands, after privatization, We find that the NPC's corporate funds are largely within PSALM's control.

Prior to the EPIRA, the NPC performed and derived corporate funds from three main functions: generation, transmission, and missionary electrification. Upon privatization, the NPC divested its generation and transmission assets but continued operations as to its missionary electrification function, viz.:

SECTION 70. Missionary Electrification. - Notwithstanding the divestment and/or privatization of NPC assets, IPP contacts and spun-off corporations, NPC shall remain as a National Government-owned and -controlled corporation to perform the missionary electrification function through the Small Power Utilities Group (SPUG) and shall be responsible for providing power generation and its associated power delivery systems in areas that are not connected to the transmission system. The missionary electrification function shall be funded from the revenues from sales in missionary areas and from the universal charge to be collected from all electricity end-users as determined by the ERC.[64] (Emphases supplied.)

The generation function having been devolved to PSALM, all net profits from its operations also accrued in their favor after the date of transfer.[65]

On the other hand, the revenues from missionary electrification function retained by the NPC are collected from end-users via the universal charge. However, all collections of the universal charge shall be remitted monthly to PSALM. In turn, PSALM, acting as administrator, shall create a Special Trust Fund, which shall be disbursed only for the purposes specified by the EPIRA in an open and transparent manner.[66]

PSALM's control over the NPC's corporate funds is consistent with its principal purpose of privatizing the NPC's generation assets and ultimate objective of liquidating all NPC financial obligations and stranded contract costs. Thus, this control makes it clear that PSALM is now directly responsible for the settlement of the liability due to the petitioners.

II. The RTC cannot directly proceed with the execution before a separate money claim is filed with and approved by the COA

While SALM is directly liable for the payment of the petitioners' entitlement, the proper procedure to enforce a judgment award against the government is to file a separate action before the COA for its satisfaction.[67]

We have consistently ruled that the back payment of any compensation to public officers and employees cannot be done through a writ of execution.[68] The COA has exclusive jurisdiction to settle "all debts and claims of any sort due from or owing to the Government or any of its subdivisions, agencies, and instrumentalities." [69] The proper procedure to enforce a judgment award against the government is to file a separate action before the COA for its satisfaction.[70]

A. Parties' compliance to Our Resolution dated October 20, 2014

In the present case, We have noted the parties' respective compliance to Our Resolution dated October 20, 2014, directing them to submit a complete list of NPC employees affected by the NPC restructuring, as well as their respective computations of the petitioners' entitlement.

In particular, the NPC, through their Compliance Ad Cautelam dated March 16, 2017,[71] listed 9,272 employees and provided its own computation of the amounts each employee is supposedly entitled to and other details as required by the Court (NPC List and Computation).[72]

For their part,[73] PSALM points out that it could only provide a list of

46 former NPC employees subsequently employed by PSALM since it does not have on record the total number of NPC employees prior to the restructuring.

On the other hand, the petitioners fully adopted the NPC List and Computation.[74]

B. The Court's Ruling vis-a-vis the COA's Jurisdiction

The NPC List and Computation is by no means final and binding either on the Court or the COA, regardless of the petitioners' acceptance and admission of the same. It is still subject to the COA's validation and audit procedures.

To enforce the satisfaction of the judgment award, the amount of which has been provisionally computed in the NPC List and Computation, the petitioners must now go before the COA and file a separate money claim against the NPC and PSALM. Whether the claim shall be allowed or disallowed is for the COA to decide, subject only to the remedy of appeal by petition for certiorari to this Court.[75]

In other words, while the Court has determined that PSALM, a government owned and controlled corporation, is liable to the petitioners, it is for the COA to ascertain the exact amount of its liability in accordance with its audit rules and procedures, after a separate money claim for the satisfaction of the judgment award is properly filed.

III. Guidelines on the computation of the petitioners' entitlement

Inasmuch as the final judgment award will be re-computed and validated by the COA upon the filing of a separate money claim, We deem it proper and prudent to lay out guidelines precisely governing the petitioners' entitlement—a logical and necessary effect of the invalidation of NPB Resolution Nos. 2002-124 and 2002-125 and their illegal dismissal.

To dispel any notion that the Court, with these guidelines, is pre-empting the COA's jurisdiction, We clarify that these rules govern only the general formula by which the judgment award shall be computed.

Verily, jurisprudence is replete with general principles on the computation of separation pay in lieu of reinstatement, back wages, and other money claims filed by illegally dismissed employees. However, these guidelines are tailor-fitted to the extraordinary circumstances surrounding the facts of the present case and in accordance with Our previous rulings, the EPIRA and its IRR, and other applicable laws.

These guidelines shall aid the COA in determining, re-computing, and validating the amount due to the petitioners.

In this regard, PSALM raises points for the Court's consideration, viz.:

- There were two reorganizations undertaken in NPC - 2003 and 2013.
- The approval of NPB Resolution No. 2007-55 on September 14, 2007 meant that the services of all NPC employees have been legally terminated on this date.
- There were NPC officials and employees that were rehired by the government and immediately reported for work the day after their termination from NPC as a consequence of the 2003 reorganization x x x. The effect of such continued employment with the NPC or with other government agencies x x x should be considered.
- The number of NPC employees might have included contractual employees or those having a fixed-term of employment.
- A separation package was given to NPC employees that operated the generation assets upon these assets' privatization.
- There were NPC employees who were rehired in 2003 but subsequently tendered their resignation prior to the

issuance of NPB Resolution No. 2007-55.[76]

At the onset, We emphasize that the petitioners went before the Court and assailed the validity of NPB Resolution Nos. 2002-124 and 2002-125, which directed the termination of all NPC employees effective January 31, 2003 (2003 Reorganization). Thus, the Court's ruling invalidating these resolutions could only affect the restructuring plan implemented in 2003. The implementation of any other restructuring plan, like the one in 2013, as PSALM points out, cannot affect the computation of the judgment award in the present case. It is not a matter presented for the Court's resolution.

Summary of Petitioners' Entitlement

Again, the petitioners' entitlement consists of the following: (a) separation pay in lieu of reinstatement; (b) backwages; (c) wage adjustments; minus any separation pay already received under the restructuring plan.

A. Separation pay in lieu of reinstatement

The established rule is that an illegally dismissed civil service employee shall be entitled to reinstatement plus backwages.[77] This rule is echoed in Section 9 of Republic Act No. 6656,[78] which relates specifically to illegal dismissals due to a government agency restructuring plan found to be invalid.

However, when an entirely new set-up takes the place of the entity's previous corporate structure, the abolition of positions and offices cannot be avoided, thus, making reinstatement impossible.[79] In which case, separation pay shall be awarded in lieu of reinstatement.[80] The award of separation pay in illegal dismissal cases is an accepted deviation from the general rule of ordering reinstatement because the law cannot exact compliance with what is impossible.[81]

Under the law, the separation pay in lieu of reinstatement due to each petitioner shall be either the: (1) Separation pay under the EPIRA and the NPC restructuring plan; or (2) Separation gratuity under Republic Act No. 6656, depending on their qualifications.

1. Separation pay under the EPIRA and the NPC restructuring plan

Republic Act No. 6656, the general law governing corporate reorganizations in the civil service, provides that the separation pay due to entitled civil service employees separated pursuant to a reorganization plan shall be the appropriate separation pay and retirement and other benefits under existing laws, which in this case is the EPIRA mandating the NPC restructuring plan.

A person is qualified to receive separation benefits under the NPC's restructuring plan if the following requirements concur: (a) he/she is an official or employee whose employment was severed pursuant to the privatization of the NPC;[82] (b) he/she has rendered at least one year of service as of June 26, 2001;[83] (c) he/she must not have qualified or opted to retire under existing laws;[84] and (d) if a casual or contractual employee, he/she must have had his/her appointment approved or attested to by the CSC.[85]

If qualified, the employee shall receive separation pay under the NPC restructuring plan, which is equal to one and one-half months' salary for every year of service in the government.[86] To clarify, the formula to compute the amount of separation pay has three components, viz.: (a) base amount, consisting of the monthly salary; (b) multiplier of one and one-half months or 1.5; and (c) length of service.

As for the first component, the EPIRA IRR clearly defines "salary" as the basic pay including the 13th month pay received by an employee pursuant to his appointment but excluding per diems, bonuses, overtime pay, honoraria, allowances and any other emoluments received in addition to the basic pay under existing laws.[87] In other words, the "base amount" must consist of basic pay or salary and 13th month pay exclusively.

2. Separation gratuity under Republic Act No. 6656

If the person does not meet all the above-mentioned requirements (i.e., he/she is a contractual employee whose appointment was not approved by the esc, etc.) but was separated pursuant to the restructuring, he/she is not qualified to receive the separation pay under the NPC's restructuring plan but is nonetheless entitled to a separation gratuity provided in Republic Act No. 6656 in the amount equivalent to one month basic salary for every year of service.[88]

Reckoning period

Both the separation pay under the NPC restructuring plan and separation gratuity under Republic Act No. 6656 entitle the employee to benefits based on the number of years of service rendered. While there is no question that length of service shall be counted from the first year of employment of each petitioner, We now clarify when this period must end.

Again, separation pay is awarded in this case because the petitioners could no longer be reinstated due to the abolition of their former positions and overall restructuring of the NPC. Thus, for purposes of computing separation pay in lieu of reinstatement, the length of service shall be computed until the time reinstatement was rendered impossible.[89]

In the present case, the petitioners' reinstatement became impossible when their illegal dismissal was subsequently validated by the issuance of NPB Resolution No. 2007-55 on September 14, 2007,[90] as correctly pointed out by PSALM.

Thus, for purposes of computing the petitioners' separation pay, their years of service shall be counted from their first year of employment until September 14, 2007, unless in the meanwhile, they would have reached the compulsory retirement age of sixty-five years.

B. Back wages

We have consistently ruled that an illegally dismissed government employee is entitled to back wages from the time of his illegal dismissal until his reinstatement because he is considered as not having left his office.[91] Following *Galang v. Land Bank of the Philippines*,[92] back wages shall be computed based on the most recent salary rate upon termination.

Reckoning period

1. Start date

The rationale in awarding back wages is to recompense the illegally dismissed employee for the entire period of time that he/she was wrongfully prevented from performing the duties of his/her position and from enjoying its benefits because, in the eyes of the law, he/she never truly left office.[93]

Thus, as a rule, it is reckoned from the time of illegal termination. Verily, NPB Resolution Nos. 2002-124 and 2002-125 directed the termination from service of all NPC employees effective January 31, 2003. However, the NPC subsequently issued NPC Circular No. 2003-09 setting forth four different dates of effectivity, viz.:

Group

Effective date of termination

a) Top executives

January 31, 2003

b) Early-leavers[94]

January 15, 2003

c) Those no longer employed after June 26, 2001[95]

Date of actual separation

d) All other NPC personnel

February 28, 2003

Thus, back wages shall be counted from each group's respective effective date of termination, as the case may be.

2. End date

As a rule, back wages shall be computed until actual reinstatement. However, since reinstatement is no longer possible in this case, it must be computed from the petitioners' effective dates of termination until September 14, 2007 or the petitioners' date of retirement, in case petitioners retired after the effective date of termination but before September 14, 2007.[96]

To be clear, the computation of separation pay is based on the length of the employee's service; and the computation of back wages is based on the actual period when the employee was unlawfully prevented from working.[97] While these two awards are reckoned from different dates, both are computed in the present case until September 14, 2007 or the date of retirement, whichever is earlier. The period of overlap is proper because the period where back wages are awarded must be included in the computation of separation pay.[98]

Effect of employment in the civil service immediately succeeding termination

In the recent case of *Campol v. Balao-As*,[99] the Court explained at length the rationale supporting the award of full back wages in favor of an illegally dismissed civil service employee, without deducting any income that he may have earned in case he is employed anew in another government position during the pendency of the action. In *Campol*, the Sangguniang Bayan (SB) of Boliney, Abra passed a resolution in 2004 terminating Julius B. Campol as SB Secretary. In 2005, while his illegal termination case was still pending, Campol obtained another job as an administrative aide in the Public Attorney's Office. The Court ruled that Campol's PAO earnings should not be deducted from the award of full backwages, explaining as follows:

This entitlement to full backwages also means that there is no need to deduct Campol's earnings from his employment with PAO from the award. The right to receive full backwages means exactly this - that it corresponds to Campol's salary at the time of his dismissal until his reinstatement. Any income he may have obtained during the litigation of the case shall not be deducted from this amount. This is consistent with our ruling that an employee illegally dismissed has the right to live and to find employment elsewhere during the pendency of the case. At the same time, an employer who illegally dismisses an employee has the obligation to pay him or her what he or she should have received had the illegal act not be done. It is an employer's price or penalty for illegally dismissing an employee.[100] (Emphases supplied.)

The Court further explained that this is also the prevailing doctrine in the award of back wages in the private sector, as previously held in *Bustamante v. National Labor Relations Commission*[101] and *Equitable Banking Corporation v. Sadac*. [102]

However, We revisit Our ruling in *Campol*. We agree with Hon. Justice Antonio T. Carpio's opinion that the award of full back wages in favor of an illegally dismissed civil service employee who was subsequently employed in another government agency certainly violates the constitutional prohibitions against double

office-holding[103] and double compensation in the civil service.[104]

Section 7, Article IX-B of the Constitution provides:

Section 7. No elective official shall be eligible for appointment or designation in any capacity to any public office or position during his tenure.

Unless otherwise allowed by law or by the primary functions of his position, no appointive official shall hold any other office or employment in the Government or any subdivision, agency or instrumentality thereof, including government-owned or controlled corporations or their subsidiaries.

On the other hand, Section 8, Article IX-B of the Constitution provides:

SECTION 8. No elective or appointive public officer or employee shall receive additional, double, or indirect compensation, unless specifically authorized by law, nor accept without the consent of the Congress, any present, emolument, office, or title of any kind from any foreign government.

Pensions or gratuities shall not be considered as additional, double, or indirect compensation.

Thus, We rule that petitioners who were subsequently: (a) rehired by the NPC, (b) absorbed by PSALM or Transco, or (c) transferred or employed by other government agencies, are not entitled to back wages.

Moreover, to award full back wages even to those who remained employed as a direct result of the 2003 reorganization amounts to unjust enrichment and damage to the government.

In the present case, the EPIRA and its IRR established policies governing the subsequent placement of all NPC employees affected by the restructuring, viz.: (a) giving the NPC board of directors the sole prerogative to hire the separated employees as new employees and to assign them to new positions with the corresponding compensation in accordance with its restructuring program; and (b) entitling qualified displaced or separated personnel to preference in the hiring of the manpower requirements of PSALM and Transco.[105]

Pursuant to these policies and as pointed out by PSALM, there were NPC employees who were: (a) rehired by NPC or (b) absorbed by PSALM or Transco as a direct result of the 2003 reorganization (Rehired or Absorbed NPC Personnel). These personnel immediately reported for work the day after their termination from NPC. True enough, a perusal of NPC's list of employees submitted in compliance to Our Resolution dated October 20, 2014 reveals that a majority of the listed personnel were either rehired by NPC or absorbed by PSALM or Transco on March 1, 2003 or within March 2003.

These circumstances lend peculiarity to the present case, setting it apart from Campol, Bustamante, and Equitable Banking Corporation. The novelty of this case's factual backdrop is even more evident in the following:

First, it is important to note that there was no break or gap in the rehired or absorbed NPC personnel's government service. They continuously had employment and a means to receive regular and periodic compensation. Thus, they were not deprived of the right to live nor prevented from earning a living to support their daily expenses and financial obligations. Moreover, they were not forced to seek employment elsewhere, because they were able to capitalize on the statutory preference given to them in filling up the manpower requirements in PSALM or Transco. Obviously, the evil sought to be avoided in the above-cited jurisprudence does not exist insofar as the rehired or absorbed NPC personnel are concerned.

Second, verily, the Court nullified NPB Resolution Nos. 2002-124 and 2002-125, and consequently held that the herein petitioners were illegally dismissed. However, in the meantime, NPC proceeded to implement these resolutions. As a result, some of the petitioners were re-employed by NPC or hired by PSALM or Transco. In other words, while they may have been illegally dismissed, it cannot be denied that the rehired or absorbed NPC

personnel nonetheless benefitted from the now-defunct NPB resolutions when they continued to be employed in the government and receive compensation for their service.

To allow them: (a) to enjoy, without reimbursement, the employee benefits they earned as rehired or absorbed NPC employees after termination from NPC until September 14, 2007 or the date of retirement, whichever is earlier and simultaneously, and (b) to benefit from the award of full back wages covering the same period is tantamount to permitting these personnel to occupy multiple positions in the civil service (i.e., their original position in the NPC and their new position in the NPC, PSALM, or Transco after the reorganization) and to receive benefits separately for each of those positions.

It is clear that sustaining the effects of these NPB resolutions prior to nullification is incompatible with upholding the prevailing doctrine on the award of full back wages as a result of illegal separation after the same NPB resolutions were invalidated.

On the other hand, petitioners who were neither rehired by the NPC or absorbed by PSALM or Transco pursuant to the 2003 reorganization and subsequently employed in the private sector shall be entitled to full back wages (applying Bustamante and Equitable Banking Corporation).

C. Wage Adjustments and Other Benefits

In addition, We have also ruled that back wages should include other monetary benefits attached to the employee's salary following the principle that an illegally dismissed government employee who is later reinstated is entitled to all the rights and privileges that accrue to him/her by virtue of the office he/she held.[106]

D. Separation pay already received under the restructuring plan

Recall that the Court did not issue a temporary restraining order or a preliminary injunction to enjoin the implementation of NPB Resolution Nos. 2002-124 and 2002-125. In effect, the NPC proceeded with the implementation of the restructuring plan, the termination of the petitioners' employment,[107] and consequently the payment of the personnel's separation pay under the plan.

Thus, while the petitioners are entitled to separation pay in lieu of reinstatement, back wages, and other wage adjustments, the amount they shall receive must be reduced by any separation pay each of them has already received under the separation plan.

Interest and Attorney's Lien

A. Attorney's lien

In Our Resolution dated September 17, 2008, we approved a charging lien in favor of Attys. Aldon and Orocio. Their lien shall be 10% of the petitioners' entitlement, after deducting the separation pay already received by the petitioners under the restructuring plan.

B. Legal interest

Aside from the petitioners' above-mentioned entitlement, the amount due shall earn interest at the legal rate.[108] The payment of legal interest is a "natural consequence of a final judgment." [109]

As We held in *Eastern Shipping Lines, Inc. v. Court of Appeals*, [110] interest at the legal rate of 12% per annum shall accrue from the finality of judgment until the judgment award is fully settled. However, pursuant to *Nacar v. Gallera*, [111] beginning July 1, 2013, the legal rate of 6% per annum shall apply by virtue of Central Bank Circular No. 799.

To be sure, the judgment award in this case upon which interest shall accrue is the petitioners' entitlement after deducting the separation pay already received by the petitioners under the restructuring plan and the 10% charging lien. The exclusion of the charging lien from the amount of judgment award to be used as a basis in accruing legal interest is only proper considering that in *Bach v. Ongkiko Kalaw Manhit & Acorda Law Offices*,^[112] the Court categorically held that legal interest must not be imposed on attorney's fees.

Following these principles, interest on the judgment award shall be computed as follows: (1) 12% per annum from October 8, 2008,^[113] until June 30, 2013; and (2) 6% per annum from July 1, 2013 onwards.

WHEREFORE, the Court resolves to:

- GRANT PSALM's prayer to lift and quash the Demand for Immediate Payment and the Notices of Garnishment issued against it and the NPC;
- DENY the petitioners' request to immediately execute the judgment award; and
- DIRECT the petitioners to file a claim against the government before the Commission on Audit, pursuant to its rules, which shall be resolved in accordance with the guidelines herein set forth.

SO ORDERED.

Sereno, C. J., on leave.

Carpio,^[**] Bersamin, Del Castillo, Perlas-Bernabe, Leonen, Martires, Tijam, and Gesmundo, JJ., concur.

Velasco, Jr., J., on official leave.

Peralta, J., no part.

Jardeleza, J., no part.

Caguioa, J., no part.

Reyes, Jr., J., on official leave.

NOTICE OF JUDGMENT

Sirs/Mesdames:

Please take notice that on November 21, 2017 a Decision/Signed Resolution, copy attached herewith, was rendered by the Supreme Court in the above-entitled case, the original of which was received by this Office on December 19, 2017 at 10:50 a.m.

Very truly yours,

(SGD)

FELIPA G. BORLONGAN-ANAMA

Clerk of Court

[**] Per Special Order No. 2519 dated November 21, 2017.

[1] Republic Act No. 9136, June 8, 2001.

[2] EPIRA, Section 48.

[3] Annex B, NPB Resolution No. 2002-124; rollo (Vol. I), pp. 129-144.

[4] NPC Drivers and Mechanics Association (DAMA) v. National Power Corporation, 534 Phil. 233 (2006).

[5] See Section 19, Rule 3, Rules of Court

[6] According to the Demand for Immediate Payment, "[t]he adjusted and revised amounts include the additional/accrued interests of 12%/6% per annum pursuant to the said June 30, 2014 resolution (pages 31 and 51) for the period from February 1, 2009 to June 30, 2014 (65 months) and the amounts for the Early Leavers who were inadvertently omitted in the list as provided for in NPC Circular Nos. 2003-09 and 2003-11 (page 19)." (Rollo [Vol. VI], p. 2970.)

[7] This Court was given a copy of a letter from Pedro L. Borja, Sheriff IV of the RTC Office of the Clerk of Court and Ex-Officio Sheriff addressed to Transco. The letter referred to a similar Notice of Garnishment served upon Transco.

[8] As an annex to its Compliance (Consolidated Comment) dated September 30, 2014, the PSALM submitted a copy of a letter from Atty. Rosemarie M. Osoteo, Vice-President for Litigation of Landbank. The letter also referred to a similar Notice of Garnishment served upon Landbank.

[9] Rollo (Vol. IX), pp. 4152-4156.

[10] Supplement to the Compliance dated November 5, 2014 (Rollo [Vol. VIII], pp. 3660-3684.)

[11] Including arguments raised in its Compliance dated September 30, 2014 (Rollo [Vol. VII], pp. 3441-3460) and the Supplement to the Compliance dated November 5, 2014 (id.).

[12] Rollo (Vol. VI), p. 3003.

[13] Id. at 3004.

[14] Id. at 3005.

[15] Id. at 3009.

[16] Id. (Vol. VIII), p. 3670.

[17] Id. at 3673.

[18] In their Omnibus Comment dated September 26, 2014; rollo (Vol. VII), pp. 3392-3400.

[19] 452 Phil. 481 (2003).

[20] Rollo (Vol. VII), p. 3397.

[21] ERC Case No. 2011-091 RC dated January 28, 2013; ERC Case No. 2012-085 RC dated August 12, 2013; ERC Case No. 2012-046 RC dated October 10, 2013; ERC Case No. 2009-016 RC dated July 8, 2013.

[22] SECTION 34. Universal Charge. - Within one (1) year from the effectivity of this Act, a universal charge to be determined, fixed and approved by the ERC, shall be imposed on all electricity end-users for the following purposes: (a) Payment for the stranded debts in excess of the amount assumed by the National Government and stranded contract costs of NPC and as well as qualified stranded contract costs of distribution utilities resulting from the restructuring of the industry; (b) Missionary electrification; (c) The equalization of the taxes and royalties applied to indigenous or renewable sources of energy vis-a-vis imported energy fuels; (d) An

environmental charge equivalent to one-fourth of one centavo per kilowatt-hour (P0.0025/kWh), which shall accrue to an environmental fund to be used solely for watershed rehabilitation and management. Said fund shall be managed by NPC under existing arrangements; and (e) A charge to account for all forms of cross-subsidies for a period not exceeding three (3) years.

[23] With respect to the NPC's stranded contract costs.

[24] Compliance (Consolidated Comment) dated September 30, 2014; rollo (Vol. VII), pp. 3441-3460.

[25] Republic v. Cortez, G.R. Nos. 187257 and 187776, February 7, 2017. Also see Republic v. National Labor Relations Commission, G.R. No. 174747, March 9, 2016, 787 SCRA 90; National Electrification Administration v. Morales, 555 Phil. 74 (2007) and Lockheed Detective and Watchman Agency, Inc. v. University of the Philippines, 686 Phil. 191 (2012).

[26] Section 26, Presidential Decree No. 1445 otherwise known as the Government Auditing Code of the Philippines.

[27] See Republic v. Cortez, supra note National Electrification Administration v. Morales, supra note 25 at 85.

[28] Our Resolution dated September 17, 2008.

[29] Philippine Airlines, Inc. v. Dawal, 781 Phil. 474, 530 (2016).

[30] BPI Employees Union-Metro Manila v. Bank of the Philippine Islands, 673 Phil. 599, 615 (2011).

[31] Date of finality of Our Main Decision.

[32] Rollo (Vol. I), pp. 545-548.

[33] See One Shipping Corp. v. Peñafiel, 751 Phil. 204, 211 (2015), citing Mocerro, Jr. v. Ramirez, 582 Phil. 357, 366 (2008).

[34] Pinausukan Seafood House, Roxas Boulevard, Inc. v. Far East Bank & Trust Company, 725 Phil. 19, 32 (2014).

[35] See rulings as per Resolutions dated June 30, 2014 and June 4, 2007.

[36] See the NPC's Compliance Ad Cautelam dated March 16, 2015. (Rollo [Vol. XI], pp. 5644-5647.)

[37] NPC Drivers and Mechanics Association (DAMA) v. National Power Corporation, 737 Phil. 210, 270-271 (2014).

[38] Including arguments raised in its Compliance dated September 30, 2014 (Rollo [Vol. VII], pp. 3441-3460) and the Supplement to the Compliance dated November 5, 2014. (Rollo [Vol. VIII], pp. 3660-3683.)

[39] SME Bank, Inc. v. De Guzman, 719 Phil. 103, 132 (2013), citing Lambert Pawnbrokers and Jewelry Corp. v. Binamira, 639 Phil. 1 (2010).

[40] EPIRA, Section 4(pp).

[41] SME Bank, Inc. v. De Guzman, supra note 39 at 125, citing Dale A. Oesterle, The Law of Mergers, Acquisitions and Reorganizations, 35, 39 (1991).

[42] Supra note 39 at 125.

[43] 259 Phil. 481, 485 (1989).

[44] Supra note 25.

[45] 642 Phil. 47 (2010).

[46] Rollo (Vol. III), pp. 1668-1693.

[47] Id. at 1675, Section 3.01(d).

[48] Id., Section 3.02.

[49] We ruled in *Benguet Corporation v. Cabildo* (585 Phil. 23, 35 [2008], citing *Abad v. Goldloop Properties, Inc.*, 549 Phil. 641, 654 [2007].) that, "[w]here the written terms of the contract are not ambiguous and can only be read one way, the court will interpret the contract as a matter of law."

[50] Rollo (Vol. I), pp. 545-548.

[51] Section 1.01(nn), Deed of Transfer, rollo (Vol. III), p. 1671.

[52] As agreed in NPC Resolution No. 2007-66 dated November 14, 2007, rollo (Vol. III), p. 1694.

[53] Rollo (Vol. III), p. 1696.

[54] The parties' audited financial statements were not made part of Our records. These are available on the companies' respective websites pursuant to the Transparency Provision of the General Appropriations Act of FY 2012, as reiterated by the Department of Budget and Management in its National Budget Circular No. 542, viz.: "Sec. 93. TRANSPARENCY SEAL. To enhance transparency and enforce accountability, all national government agencies shall maintain a transparency seal on their official websites. The transparency seal shall contain the following information: i. the agency's mandates and functions, names of its officials with their position and designation, and contact information; ii. annual reports, as required under National Budget Circular Nos. 507 and 507-A dated January 31, 2007 and June 12, 2007, respectively, for the last three (3) years; iii. x x x.

The respective heads of the agencies shall be responsible for ensuring compliance with this section.

A Transparency Seal, prominently displayed on the main page of the website of a particular government agency, is a certificate that it has complied with the requirements of Section 93. This Seal links to a page within the agency's website which contains an index of downloadable items of each of the above-mentioned documents. (Emphasis supplied.)

[55] Note 1 of the Notes to the 2012 NPC Audited Financial Statements states:

As mandated under the EPIRA and pursuant to the instructions from the respective Boards and Managements of NPC, PSALM and TransCo, the actual separation of books of TransCo from NPC and the asset-debt accounts transfer from NPC to PSALM was implemented on October 1, 2008 based on the balances of the interim financial report as at September 30, 2008. Full implementation was effected on December 31, 2008. (Emphasis supplied.)

Available at: http://www.napocor.gov.ph/images/Reports/financial_reports/FS_2012.pdf

[56] Note 2 of Notes to the 2012 PSALM Audited Financial Statements states:

The financial statements of PSALM are prepared on a historical cost basis and transactions are recorded using the accrual basis of accounting. The assets transferred from NPC were recorded at their carrying amounts (balances as reflected in NPC books) as of the transfer date of 31 December 2008. (Emphasis supplied.)

On the other hand, Note 3 states:

"Property, plant, and equipment transferred from NPC include electrification, power and energy structures and referred to as utility plants. The last external revaluation of these plants was of the 1996 asset prices. These structures are recognized in PSALM's books at their carrying amounts as stated in NPC books as of the transfer date of 31 December 2008."

Available at:

https://www.psal.gov.ph/assets/documents/TRANSPARENCY%20SEAL/II.CodeofCorporateGovernance/3.%20Financial%20and%20Operational%20Matters/1.%20Annual%20Audited%20FS%20and%20Corporate%20Accomplishment%20Report/2012/2012_Notes%20of%20Financial%20Statement.pdf

[57] Note 1 of the Notes to the 2012 NPC Audited Financial Statements.

[58] EPIRA, Section 50.

[59] Id., Section 51(b).

[60] As part of its Key Undertakings disclosure under Note 1 of its audited financial statements, the PSALM disclosed as follows:

Management of Privatization Proceeds

PSALM started receiving privatization proceeds from the sale of NPC generating plants in January 2005. As of 31 December 2012, actual privatization proceeds collected amounted to US\$2.933 billion and P145.017 billion.

On 20 June 2007, the joint Boards of PSALM and NPC, under Board Resolution No. 07-29, approved the utilization of the privatization proceeds to liquidate principal and interest obligations of NPC as they fall due. This was amended on 04 October 2007 by Board Resolution No. 07-61, which granted authority to PSALM Management to utilize the privatization proceeds to:

- Prepay NPC's principal obligations;
- Settle NPC's principal and interest obligations as they become due only after NPC shows deficit in its cash flow after utilization of its own internally generated cash;
- Manage NPC's liabilities with the objectives of reducing interest cost and liquidity risk in 2009-2012 and hedging foreign exchange risks at terms and conditions advantageous to the government; and
- Pay other financial obligations of NPC. (Emphasis supplied.)

[61] EPIRA Implementing Rules and Regulations (IRR), Rule 21, Section 11.

[62] Section 3.02, Deed of Transfer, rollo (Vol. III), p. 1676.

[63] SECTION 4. Funding. - Funds necessary to cover the separation pay under this Rule shall be provided either by the Government Service Insurance System (GSIS) or from the corporate funds of the NEA or the NPC, as the case may be; and in the case of the DOE and the ERB, by the GSIS or from the general fund, as the case may be.

The Buyer or Concessionaire or the successor company shall not be liable for the payment of the separation pay.

[64] EPIRA.

[65] Section 11, Rule 21 of the EPIRA IRR provides, "Property of PSALM. - The following funds, assets, contributions and other properties shall constitute the property of the PSALM: (a) The generation assets, real estate, IPP Contracts, other disposable assets of NPC, proceeds from the operation or disposition of such assets

and the residual assets from BOT, ROT, and other variations thereof. The proceeds from the operation and disposition of NPC assets shall include: (i) Net profit of NP[.]" (Emphasis supplied.)

[66] Section 34 of the EPIRA provides, "Universal Charge. - Within one (1) year from the effectivity of this Act, a universal charge to be determined, fixed and approved by the ERC, shall be imposed on all electricity end users for the following purposes: xxx (b) Missionary electrification xxx The universal charge shall be a non bypassable charge which shall be passed on and collected from all end users on a monthly basis by the distribution utilities. Collections by the distribution utilities and the TRANSCO in any given month shall be remitted to the PSALM Corp. on or before the fifteenth (15th) of the succeeding month, net of any amount due to the distribution utility. Any end user or self-generating entity not connected to a distribution utility shall remit its corresponding universal charge directly to the TRANSCO.

[67] See *Republic v. Cortez*, supra note 25; *National Electrification Administration v. Morales*, supra note 25.

[68] *Republic v. Cortez*, supra note 25. Also see *Republic v. National Labor Relations Commission*, supra note 25; *National Electrification Administration v. Morales*, supra note 25 and *Lockheed Detective and Watchman Agency v. University of the Philippines*, supra note 25.

[69] Section 26, Presidential Decree No. 1445 otherwise known as the Government Auditing Code of the Philippines.

[70] See *Republic v. Cortez*, supra note 25; *National Electrification Administration v. Morales*, supra note 25.

[71] *Rollo* (Vol. XI), pp. 5644-5650.

[72] *Id.* at 5684-5905.

[73] In their Compliance dated March 16, 2015, *rollo* (Vol. XI), pp. 5652-5671.

[74] The petitioners fully adopted the NPC's list of employees and computation in their Manifestation and Compliance dated March 24, 2015, viz.: "3. Petitioners have reviewed the contents of said '1--A' and '1-B' attachments, which they find to be in substantial compliance with said 20 October 2014 Resolution x x x 5. The Petitioners hereby adopt said attachments (1-A and 1-B) of the respondent NPC as their Compliance to said Resolution x x x" (*Rollo* (Vol. XI), p. 5517.)

[75] *National Electrification Administration v. Morales*, supra note 25.

[76] *Rollo* (Vol. VI), pp. 3015.

[77] *Campol v. Balao-As*, G.R. No. 197634, November 28, 2016; *Civil Service Commission v. Magnaye, Jr.*, 633 Phil. 353, 368 (2010), citing *Civil Service Commission v. Gentallan*, 497 Phil. 594, 601 (2005).

[78] Section 9 of Republic Act No. 6656 (An Act to Protect the Security of Tenure of Civil Service Officers and Employees in the Implementation of Government Reorganization [June 10, 1988]) provides, "All officers and employees who are found by the Civil Service Commission to have been separated in violation of the provisions of this Act, shall be ordered reinstated or reappointed as the case may be without loss of seniority and shall be entitled to full pay for the period of separation. Unless also separated for cause, all officers and employees, including casuals, and temporary employees, who have been separated pursuant to reorganization shall, if entitled thereto, be paid the appropriate separation pay and retirement and other benefits under existing laws within ninety (90) days from the date of the effectivity of their separation or from the date of the receipt of the resolution of their appeals as the case may be: Provided, That application for clearance has been filed and no action thereon has been made by the corresponding department or agency. Those who are not entitled to said benefits shall be paid a

separation gratuity in the amount equivalent to one (1) month salary for every year of service. Such separation pay and retirement benefits shall have priority of payment out of the savings of the department or agency concerned."

[79] *Manalang-Demigillo v. Trade and Investment Development Corporation of the Philippines*, 705 Phil. 331, 351 (2013). Also see *Galindez v. Rural Bank of Llanera, Inc.*, 256 Phil. 585 (1989).

[80] In *Rubio v. People's Homesite & Housing Corporation* (264 Phil. 254, 264 [1990]), We ruled that since reinstatement to the employees' former positions in the civil service is no longer possible, they must be deemed entitled to receive the separation pay provided by Batas Pambansa Blg. 337 instead of reinstatement.

[81] *Galindez v. Rural Bank of Llanera, Inc.*, supra note 78 at 592.

[82] EPIRA IRR, Rule 33, Section 3(f).

[83] *Id.* at Section 3(a).

[84] *Id.* at Section 3(f). Also see *Herrera v. National Power Corporation*, 623 Phil. 383 (2009).

[85] *Id.* at Section 1.

[86] *Id.* at Section 3(a) cf Section 63, EPIRA.

[87] *Id.* at Section 3(e).

[88] Republic Act No. 6656, Section 9.

[89] *Olympia Housing, Inc. v. Lapastora*, G.R. No. 187691, January 13, 2016, 780 SCRA 449, 466.

[90] In Our Resolution dated December 2, 2009, We ruled that NPB Resolution No. 2007-55 must be applied prospectively.

[91] *Civil Service Commission v. Magnaye, Jr.*, supra note 76 at 368, citing *Civil Service Commission v. Gentallan*, supra note 76 at 601.

[92] 665 Phil. 37, 53-54 (2011).

[93] *Campol v. Balao-As*, supra note 76.

[94] Paragraph 5, Part I, Annex B of NPB Resolution No. 2002-124.

[95] After the effectivity of the EPIRA.

[96] See *Larin v. Exec. Secretary*, 345 Phil. 962 (1997).

[97] *Bani Rural Bank, Inc. v. De Guzman*, 721 Phil. 84, 101 (2013), citing *Session Delights Ice Cream and Fast Foods v. Court of Appeals*, 625 Phil. 612 (2012).

[98] *Aliling v. Feliciano*, 686 Phil. 889, 918 (2012), citing *Sagales v. Rustan's Commercial Corporation*, 592 Phil. 468, 484 (2008).

[99] Supra note 76.

[100] *Id.*

[101] 332 Phil. 833, 842 (1996).

[102] 523 Phil. 781 (2006).

[103] 1987 Constitution, Article IX-B, Section 7.

[104] *Id.*, Section 8.

[105] See Section 63, EPIRA cf Section 3(c) and Section 5, Rule 33, EPIRA IRR.

[106] *Galang v. Land Bank of the Philippines*, supra note 91 at 54, citing *Civil Service Commission v. Magnaye, Jr.*, supra note 76 at 368.

[107] Our Resolution dated September 17, 2008.

[108] *Philippine Airlines, Inc. v. Dawal*, supra note 29 at 530-531.

[109] *BPI Employees Union-Metro Manila v. Bank of the Philippine Islands*, supra note 30 at 615.

[110] 304 Phil. 236, 254 (1994).

[111] 716 Phil. 267, 283 (2013).

[112] 533 Phil. 69, 84 (2006). In this case, the Court held that, "The imposition of legal interest on the amount payable to private respondent as attorney's fees is unwarranted. Even as we agree that parties can freely stipulate on the terms of payment, still the imposition of interest in the payment of attorney's fees is not justified. In the case of *Cortes v. Court of Appeals*, we ruled that Article 2209 of the Civil Code does not even justify the imposition of legal interest on the payment of attorney's fees as it is a provision of law governing ordinary obligations and contracts. It deleted the 6% interest imposed by the appellate court on the payment of attorney's fees." (Citations omitted.)

[113] Date of finality of Our Main Decision.

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