

NATIONAL POWER CORPORATION, PETITIONER, VS. YUNITA TUAZON, ROSAURO TUAZON AND MARIA TERESA TUAZON, RESPONDENTS.

G.R. No. 193023. June 22, 2011

Ponente: BRION, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-193023/>

BRION, J.:

This is a petition for review filed under Rule 45 of the Rules of Court, seeking the reversal of the decision [1] (dated March 15, 2010) of the Court of Appeals (CA) [2] in CA-G.R. CV No. 82480, which set aside the order [3] of the Regional Trial Court (RTC) of Tarangnan, Samar, Branch 40, and remanded the case back to the RTC for determination of just compensation. The RTC had dismissed the complaint of respondents Yunita Tuazon, Rosauro Tuazon and Maria Teresa Tuazon against the National Power Corporation (NAPOCOR) for payment of just compensation and damages.

ANTECEDENTS

The antecedent facts are not in dispute.

The respondents are co-owners of a 136,736-square-meter coconut land [4] in Barangay Sta. Cruz, Tarangnan, Samar. The land has been declared for tax purposes in the name of the respondents' predecessor-in-interest, the late Mr. Pascual Tuazon. Sometime in 1996, NAPOCOR [5] installed transmission lines on a portion of the land for its 350 KV Leyte-Luzon HVDC Power TL Project. In the process, several improvements on the land were destroyed. Instead of initiating expropriation proceedings, however, NAPOCOR entered into a mere right-of-way agreement [6] with Mr. Tuazon for the total amount of TWENTY SIX THOUSAND NINE HUNDRED SEVENTY EIGHT and 21/100 PESOS (P26,978.21). The amount represents payments for "damaged improvements" (P23,970.00), "easement and tower occupancy fees" (P1,808.21), and "additional damaged improvements" (P1,200.00).

In 2002, the respondents filed a complaint against NAPOCOR for just compensation and damages, claiming that no expropriation proceedings were made and that they only allowed NAPOCOR entry into the land after being told that the fair market value would be paid. They also stated that lots similarly located in Catbalogan, Samar, likewise utilized by NAPOCOR for the similar projects, were paid just compensation in sums ranging from P2,000.00 to P2,200.00 per square meter, pursuant to the determination made by different branches of the RTC in Samar.

Instead of filing an answer, NAPOCOR filed a motion to dismiss based on the full satisfaction of the respondents' claims. The RTC granted the motion in this wise:

ORDER

Acting on the Motion to Dismiss and the Opposition thereto and after a very careful study of the arguments

raised by the Parties, the court resolves in favor of the Defendant.

Accordingly, the Court hereby orders the DISMISSAL of this case without costs.

IT IS SO ORDERED.

Tarangnan, Samar, Philippines, February 3, 2004.

(Sgd.) ROBERTO A. NAVIDAD

Acting Presiding Judge [7]

The assailed decision of the Court of Appeals

The respondents filed an ordinary appeal with the CA. In its Appellee's Brief, NAPOCOR denied that expropriation had occurred. Instead, it claimed to have lawfully established a right-of-way easement on the land per its agreement with Mr. Tuazon, which agreement is in accord with its charter, Republic Act No. (R.A.) 6395. NAPOCOR maintained that Section 3-A(b) of R.A. 6395 gave it the right to acquire a right-of-way easement upon payment of "just compensation" equivalent to not more than 10% of the market value of a private lot traversed by transmission lines. [8]

The CA disagreed with the RTC. Citing *National Power Corporation v. Hon. Sylvia G. Aguirre-Paderanga, etc., et al.* [9] and *National Power Corporation v. Manubay Agro-Industrial Development Corporation*, [10] the CA pointed out that the demolition of the improvements on the land, as well as the installation of transmission lines thereon, constituted "taking" under the power of eminent domain, considering that transmission lines are hazardous and restrictive of the land's use for an indefinite period of time. Hence, the CA held that the respondents were entitled, not just to an easement fee, but to just compensation based on the full market value of the respondents' land. Citing *Export Processing Zone Authority v. Hon. Ceferino E. Dulay, etc., et al.*, [11] the CA maintained that NAPOCOR "cannot hide behind the mantle of Section 3-A(b) of R.A. 6395 as an excuse of dismissing the claim of appellants" since the determination of just compensation is a judicial function. "No statute, decree, or executive order can mandate that its own determination shall prevail over the court's findings," [12] the CA added. The dispositive of the assailed decision reads:

In sum, after establishing that NAPOCOR's acquisition of the right-of-way easement over the portion of the appellant's land was a definite taking under the power of eminent domain, NAPOCOR is liable to pay appellants [referring to the respondents herein] just compensation and not only easement fee.

IN LIGHT OF ALL THE FOREGOING, the Order dated February 3, 2004 of the RTC, Br. 40, Tarangnan, Samar is hereby REVERSED and SET ASIDE. The instant case is hereby REMANDED to the RTC, Br. 40 of Tarangnan, Samar for the proper determination of just compensation. [13]

The Petition

The present petition reiterates that by installing transmission lines, NAPOCOR did not expropriate the respondents' land, but merely established a right-of-way easement over it. The petition relies heavily on the lack of transfer of the land's title or ownership. NAPOCOR maintains that since the respondents' claim involved an easement, its charter -- a special law -- should govern in accordance with Article 635 of the Civil Code. [14] NAPOCOR insists that its agreement with the respondents' predecessor-in-interest and the easement fee that was paid pursuant thereto were authorized by its charter and are, thus, valid and binding. Finally, the petitioner alleges that establishing right-of-way easements over lands traversed by its transmission lines was the "only mode" by which it could "acquire" the properties needed in its power generation and distribution function. It claims that R.A. 8974, [15] specifically its implementing rules, supports this position.

THE COURT' RULING

We find the petition devoid of merit and AFFIRM the remand of the case to the RTC for the determination of just compensation.

The petitioner pleads nothing new. It essentially posits that its liability is limited to the payment of an easement fee for the land traversed by its transmission lines. It relies heavily on Section 3-A(b) of R.A. 6395 to support this position.

This position has been evaluated and found wanting by this Court in a plethora of cases, including *Manubay* [16] which was correctly cited by the CA in the assailed decision.

In *Manubay*, [17] NAPOCOR sought the reversal of a CA decision that affirmed the payment, as ordered by the RTC in Naga City, of the full value of a property traversed by NAPOCOR's transmission lines for its 350 KV Leyte-Luzon HVDC Power Transmission Project. Through then Associate Justice Artemio V. Panganiban, the Court -- echoing the 1991 case of *National Power Corporation v. Misericordia Gutierrez, et al.* [18] -- formulated the doctrinal issue in *Manubay*, [19] as follows:

How much just compensation should be paid for an easement of a right of way over a parcel of land that will be traversed by high-powered transmission lines? Should such compensation be a simple easement fee or the full value of the property? This is the question to be answered in this case. [20]

In holding that just compensation should be equivalent to the full value of the land traversed by the transmission lines, we said:

Granting arguendo that what petitioner acquired over respondent's property was purely an easement of a right of way, still, we cannot sustain its view that it should pay only an easement fee, and not the full value of the property. The acquisition of such an easement falls within the purview of the power of eminent domain. This conclusion finds support in similar cases in which the Supreme Court sustained the award of just compensation for private property condemned for public use. *Republic v. PLDT* held thus:

"x x x. Normally, of course, the power of eminent domain results in the taking or appropriation of title to, and possession of, the expropriated property; but no cogent reason appears why the said power may not be availed of to impose only a burden upon the owner of condemned property, without loss of title and possession. It is unquestionable that real property may, through expropriation, be subjected to an easement of right of way."

True, an easement of a right of way transmits no rights except the easement itself, and respondent retains full ownership of the property. The acquisition of such easement is, nevertheless, not gratis. As correctly observed by the CA, considering the nature and the effect of the installation power lines, the limitations on the use of the land for an indefinite period would deprive respondent of normal use of the property. For this reason, the latter is entitled to payment of a just compensation, which must be neither more nor less than the monetary equivalent of the land.

Just compensation is defined as the full and fair equivalent of the property taken from its owner by the expropriator. The measure is not the taker's gain, but the owner's loss. The word "just" is used to intensify the meaning of the word "compensation" and to convey thereby the idea that the equivalent to be rendered for the property to be taken shall be real, substantial, full and ample.

In eminent domain or expropriation proceedings, the just compensation to which the owner of a condemned property is entitled is generally the market value. Market value is "that sum of money which a person desirous but not compelled to buy, and an owner willing but not compelled to sell, would agree on as a price to be given and received therefore." [21] (Emphasis ours; citations omitted.)

We find it significant that NAPOCOR does not assail the applicability of *Manubay* [22] in the present case. Instead, NAPOCOR criticizes the application of *Gutierrez* [23] which the CA had cited as authority for the doctrine that eminent domain may also "be availed of to impose only a burden upon the owner of condemned property, without loss of title and possession." [24] NAPOCOR assails *Gutierrez* [25] as irrelevant on the ground that the expropriation proceedings were instituted in January 1965, when the NAPOCOR Charter had not been amended with the insertion of Section 3-A(b) in 1976. [26] To NAPOCOR, Section 3-A(b) provides for a "fixed formula in the computation of just compensation in cases of acquisition of easements of right-of-way." Heavily relying on Section 3-A(b), therefore, NAPOCOR argues:

Absent any pronouncement regarding the effect of Section 3-A (b) of R.A. 6395, as amended, on the computation of just compensation to be paid to landowners affected by the erection of transmission lines, *NPC v. Gutierrez*, supra, should not be deemed controlling in the case at bar. [27]

We do not find NAPOCOR's position persuasive.

The application of *Gutierrez* [28] to the present case is well taken. The facts and issue of both cases are comparable. [29] The right-of-way easement in the case similarly involved transmission lines traversing privately owned land. It likewise held that the transmission lines not only endangered life and limb, but restricted as well the owner's use of the land traversed. Our pronouncement in *Gutierrez* [30] -- that the exercise of the power of eminent domain necessarily includes the imposition of right-of-way easements upon condemned property without loss of title or possession [31] -- therefore remains doctrinal and should be applied. [32]

NAPOCOR's protest against the relevancy of *Gutierrez*, heavily relying as it does on the supposed conclusiveness of Section 3-A(b) of R.A. 6395 on just compensation due for properties traversed by transmission lines, has no merit. We have held in numerous cases that Section 3-A(b) is not conclusive upon the courts. [33] In *National Power Corporation v. Maria Bagui, et al.*, [34] we categorically held:

Moreover, Section 3A-(b) of R.A. No. 6395, as amended, is not binding on the Court. It has been repeatedly emphasized that the determination of just compensation in eminent domain cases is a judicial function and that any valuation for just compensation laid down in the statutes may serve only as a guiding principle or one of the factors in determining just compensation but it may not substitute the court's own judgment as to what amount should be awarded and how to arrive at such amount. (Citations omitted.)

The determination of just compensation in expropriation cases is a function addressed to the discretion of the courts, and may not be usurped by any other branch or official of the government. [35] This judicial function has constitutional *raison d'être*; Article III of the 1987 Constitution mandates that no private property shall be taken for public use without payment of just compensation. In *National Power Corporation v. Santa Loro Vda. de Capin, et al.*, [36] we noted with approval the disquisition of the CA in this matter:

The [herein petitioner] vehemently insists that its Charter [Section 3A (b) of R.A. 6395] obliges it to pay only a maximum of 10% of the market value declared by the owner or administrator or anyone having legal interest in the property, or such market value as determined by the assessor, whichever is lower. To uphold such a contention would not only interfere with a judicial function but would also render as useless the protection guaranteed by our Constitution in Section 9, Article III of our Constitution that no private property shall be taken for public use without payment of just compensation.

The same principle further resolves NAPOCOR's contention that R.A. 8974, specifically its implementing rules, supports NAPOCOR's claim that it is liable to the respondents for an easement fee, not for the full market value of their land. We amply addressed this same contention in *Purefoods* [37] where we held that:

While Section 3(a) of R.A. No. 6395, as amended, and the implementing rule of R.A. No. 8974 indeed state

that only 10% of the market value of the property is due to the owner of the property subject to an easement of right-of-way, said rule is not binding on the Court. Well-settled is the rule that the determination of "just compensation" in eminent domain cases is a judicial function. In *Export Processing Zone Authority v. Dulay*, the Court held that any valuation for just compensation laid down in the statutes may serve only as guiding principle or one of the factors in determining just compensation but it may not substitute the court's own judgment as to what amount should be awarded and how to arrive at such amount. The executive department or the legislature may make the initial determinations but when a party claims a violation of the guarantee in the Bill of Rights that private property may not be taken for public use without just compensation, no statute, decree, or executive order can mandate that its own determination shall prevail over the court's findings. Much less can the courts be precluded from looking into the "justness" of the decreed compensation. (Citations omitted.)

That the respondents' predecessor-in-interest did not oppose the installation of transmission lines on their land is irrelevant. In the present petition, NAPOCOR insinuates that Mr. Tuazon's failure to oppose the installation now estops the respondents from their present claim. [38] This insinuation has no legal basis. Mr. Tuazon's failure to oppose cannot have the effect of thwarting the respondents' right to just compensation. In *Rafael C. de Ynchausti v. Manila Electric Railroad & Light Co., et al.*, [39] we ruled:

"The owner of land, who stands by, without objection, and sees a public railroad constructed over it, can not, after the road is completed, or large expenditures have been made thereon upon the faith of his apparent acquiescence, reclaim the land, or enjoin its use by the railroad company. In such case there can only remain to the owner a right of compensation." (*Goodin v. Cin. And Whitewater Canal Co.*, 18 Ohio St., 169.)

"One who permits a railroad company to occupy and use his land and construct its road thereon without remonstrance or complaint, cannot afterwards reclaim it free from the servitude he has permitted to be imposed upon it. His acquiescence in the company's taking possession and constructing its works under circumstances which made imperative his resistance, if he ever intended to set up illegality, will be considered a waiver. But while this presumed waiver is a bar to his action to dispossess the company, he is not deprived of his action for damages for the value of the land, or for injuries done him by the construction or operation of the road." (*St. Julien v. Morgan etc., Railroad Co.*, 35 La. Ann., 924.)

In sum, we categorically hold that private land taken for the installation of transmission lines is to be paid the full market value of the land as just compensation. We so ruled in *National Power Corporation v. Benjamin Ong Co.*, [40] and we reiterate this ruling today:

As earlier mentioned, Section 3A of R.A. No. 6395, as amended, substantially provides that properties which will be traversed by transmission lines will only be considered as easements and just compensation for such right of way easement shall not exceed 10 percent of the market value. However, this Court has repeatedly ruled that when petitioner takes private property to construct transmission lines, it is liable to pay the full market value upon proper determination by the courts. (Citations omitted.)

WHEREFORE, premises considered, we DENY the present petition for review and AFFIRM the assailed decision of the Court of Appeals, promulgated on March 15, 2010, in CA-G.R. CV No. 82480.

SO ORDERED.

Carpio, (Chairperson), Leonardo-De Castro,[*] Perez, and Sereno, JJ., concur.

[*] Designated as Acting Member of the Second Division per Special Order No. 1006 dated June 10, 2011.

[1] Rollo, pp. 41-49; penned by Associate Justice Agnes Reyes-Carpio, and concurred in by Associate Justices

Samuel H. Gaerlan and Socorro B. Inting.

[2] Twentieth Division, Cebu City.

[3] Rollo, p. 50; in Civil Case No. T-008, dated February 3, 2004, penned by Roberto A. Navidad, Acting Presiding Judge.

[4] Denominated as Lot No. 2646, CAD 706-D.

[5] Created pursuant to Republic Act No. 6395, also known as "An Act Revising the Charter of the National Power Corporation."

[6] Per the decision of the CA, the agreements are titled and dated as follows: (a) Deed of Conveyance and Declaration of Ownership with Waiver of Claims to Improvements Damaged, dated July 3, 1995; (b) Deed of Conveyance and Declaration of Ownership with Waiver of Claims to Improvements Damaged, dated August 4, 2007; and (c) Right of Way Grant in Favor of National Power Corporation, dated December 31, 1995.

[7] Supra note 2.

[8] Rollo, p. 44.

[9] G.R. No. 155065, July 28, 2005, 464 SCRA 481.

[10] G.R. No. 150936, August 18, 2004, 437 SCRA 60.

[11] No. L-59603, April 29, 1987, 149 SCRA 305.

[12] Rollo, pp. 47-48.

[13] Id. at 48-49.

[14] Article 635 of the Civil Code reads: "Art. 635. All matters concerning easements established for public or communal use shall be governed by the special laws and regulations relating thereto, and, in the absence thereof, by the provisions of this Title."

[15] Entitled "An Act To Facilitate The Acquisition Of Right-Of-Way, Site Or Location For National Government Infrastructure Projects And For Other Purposes," approved on November 7, 2000.

[16] Supra note 10. In *National Power Corporation v. Purefoods Corporation* (G.R. No. 160725, September 12, 2008, 565 SCRA 17, 31), we held: "The question of just compensation for an easement of right-of-way over a parcel of land that will be traversed by NAPOCOR's transmission lines has already been answered in *National Power Corporation v. Manubay Agro-Industrial Development Corporation*."

[17] Supra note 10.

[18] G.R. No. 60077, January 18, 1991, 193 SCRA 1, 6. The sole issue in *Gutierrez* was formulated in this wise: "Whether petitioner should be made to pay simple easement fee or full compensation for the land traversed by its transmission lines."

[19] Supra note 10.

[20] Id. at 62.

[21] Id. at 67-68.

[22] Id.

[23] Supra note 18.

[24] Rollo, p. 46.

[25] Supra note 18.

[26] The amendment was pursuant to Presidential Decree (P.D.) No. 938, dated May 27, 1976. Section 4 of P.D. No. 938--FURTHER AMENDING CERTAIN SECTIONS OF REPUBLIC ACT NUMBERED SIXTY-THREE HUNDRED NINETY-FIVE ENTITLED, "AN ACT REVISING THE CHARTER OF THE NATIONAL POWER CORPORATION," AS AMENDED BY PRESIDENTIAL DECREES NOS. 380, 395 AND 758--provides:

Section 4. A new section shall be inserted to be known as Section 3A of the same Act to read as follows:

"Sec. 3A. In acquiring private property or private property rights through expropriation proceedings where the land or portion thereof will be traversed by the transmission lines, only a right-of-way easement thereon shall be acquired when the principal purpose for which such land is actually devoted will not be impaired, and where the land itself or portion thereof will be needed for the projects or works, such land or portion thereof as necessary shall be acquired.

In determining the just compensation of the property or property sought to be acquired through expropriation proceedings, the same shall--

(a) With respect to the acquired land or portion thereof, not to exceed the market value declared by the owner or administrator or anyone having legal interest in the property, or such market value as determined by the assessor, whichever is lower.

(b) With respect to the acquired right-of-way easement over the land or portion thereof, not to exceed ten percent (10%) of the market value declared by the owner or administrator or anyone having legal interest in the property, or such market value as determined by the assessor, whichever is lower.

In addition to the just compensation for easement of right-of-way, the owner of the land or owner of the improvement, as the case may be, shall be compensated for the improvements actually damaged by the construction and maintenance of the transmission lines, in an amount not exceeding the market value thereof as declared by the owner or administrator, or anyone having legal interest in the property, or such market value as determined by the assessor whichever is lower; Provided, that in cases any buildings, houses and similar structures are actually affected by the right-of-way for the transmission lines, their transfer, if feasible, shall be effected at the expense of the Corporation; Provided, further, that such market value prevailing at the time the Corporation gives notice to the landowner or administrator or anyone having legal interest in the property, to the effect that his land or portion thereof is needed for its projects or works shall be used as basis to determine the just compensation therefor." (Emphasis supplied.)

[27] Rollo, p. 30.

[28] Supra note 18.

[29] See note 18.

[30] Id.

[31] Likewise cited in *National Power Corporation v. Aguirre-Paderanga*, supra note 9.

[32] Bernas, Joaquin, *The 1987 Constitution of the Republic of the Philippines A Commentary*, 2009 ed., p. 435.

[33] *National Power Corporation v. Villamor*, G.R. No. 160080, June 19, 2009, 590 SCRA 11, 21, citing *National Power Corporation v. Tiangco*, G.R. No. 170846, 6 February 2007, 514 SCRA 674; *National Power Corporation v. San Pedro*, G.R. No. 170945, 26 September 2006, 503 SCRA 333; *Didipio Earth-Savers' Multi-Purpose Association, Inc. (DESAMA) v. Gozun*, G.R. No. 157882, 30 March 2006, 485 SCRA 586; *National Power Corporation v. Aguirre-Paderanga*, G.R. No. 155065, 28 July 2005, 464 SCRA 481; *National Power Corporation v. Chiong*, 452 Phil. 649 (2003); *Camarines Norte Electric Cooperative, Inc. (CANORECO) v. Court of Appeals*, 398 Phil. 886 (2000); *National Power Corporation v. Gutierrez*, G.R. No. 60077, 18 January 1991, 193 SCRA 1.

[34] G.R. No. 164964, October 17, 2008, 569 SCRA 401, 410.

[35] *Land Bank of the Philippines v. Dumlao*, G.R. No. 167809, July 23, 2009, 593 SCRA 619, citing *Export Processing Zone Authority v. Dulay*, G.R. No. L-59603, April 29, 1987, 149 SCRA 305.

[36] G.R. No. 175176, October 17, 2008, 569 SCRA 648, 668.

[37] *Supra* note 16, at 33-34.

[38] *Rollo*, pp. 26-27.

[39] 36 Phil. 908, 911-912 (1917).

[40] G.R. No. 166973, February 10, 2009, 578 SCRA 234, 245.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.