

**PHILIPPINE NATIONAL CONSTRUCTION CORPORATION (PNCC),
PETITIONER, VS. REPUBLIC OF THE PHILIPPINES, HONORABLE
COURT OF APPEALS, FEDERATION OF PARAÑAQUE HOMEOWNERS’
ASSOCIATION, CE...**

G.R. No. 89557. August 20, 1990

Ponente: GANCAYCO, J.

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GANCAYCO, J.:

The center of controversy in this case is the toll fees at the North and South Luzon Expressways.

In May, 1987, public respondent Republic of the Philippines filed an action for quo warranto in the Regional Trial Court of Makati with prayer for the issuance of a writ of preliminary injunction and restraining order docketed as Civil Case No. 16699 against the petitioner Philippine National Construction Corporation (PNCC). The public respondent filed the action in order to exclude from the franchise of PNCC under Presidential Decree No. 1113 the following portions of the expressways: (a) Balintawak, Caloocan City to Tabang, Bulacan in the North; and (b) Villamor Air Base, Pasay City to Alabang, Rizal in the South, on the ground that PNCC had long fully recovered its investments and expenses in their construction.

In an order dated May 28, 1987, the trial court denied the application for the issuance of a writ of preliminary prohibitory injunction, the dispositive part of which reads as follows:

"WHEREFORE, the application for the issuance of a writ of preliminary prohibitory injunction is hereby denied, and the restraining order issued on May 8, 1987 and all orders subsequently issued supplementary thereto or in implementation thereof are hereby set aside.

However, to assure that the affected toll payers would be reimbursed in case judgment is subsequently rendered in accordance with the reliefs prayed for in the Petition filed in this case, the respondent PNCC and its authorized officers are hereby directed to cause all toll fees collections received from the use of the Villamor Air Base, Pasay City, to Alabang, Muntinlupa, in the South, and Balintawak, Caloocan City to Tabang, Bulacan, in the North, portions of the Expressways, to be deposited in a trust fund with the Philippine National Bank, effective May 29, 1987 and until further orders, and to submit to the Court a monthly statement of the collections made and the amounts deposited." [1]

A motion for reconsideration filed by the public respondent of said order was denied on July 29, 1987.

Not satisfied therewith the public respondent filed a petition for certiorari, prohibition and injunction with prayer for preliminary prohibitory injunction and/or temporary restraining order in the Court of Appeals, seeking to declare null and void the said orders dated May 28, 1987 and July 29, 1987 in Civil Case No. 16699.

The petitions for the intervention of the Federation of Paranaque Homeowners Association, Ceferino P. Padua, Amelito Mutuc, and Fernando A. Gaité were allowed by the appellate court.

In due course a decision was rendered by the Court of Appeals on August 4, 1989, the dispositive part of which

reads as follows:

"WHEREFORE, the writ is granted. The Expressways from Balintawak to Tabang in the North and from Villamor Air Base to Alabang, in the South shall be excluded from the franchise of PNCC and the PNCC be permanently enjoined to collect toll fees. The Bureau of Public Highways is hereby ordered to take over the maintenance of the said portion. The questioned orders of Judge Guerrero dated May 28, 1987 and July 29, 1987 are hereby declared annulled."[2]

Hence, the herein petition for certiorari and prohibition with application for the issuance of a writ of preliminary injunction and/or temporary restraining order, wherein petitioner raised the following grounds for the allowance of the petition:

"GROUNDS FOR THE ALLOWANCE OF THE PETITION

(A) RESPONDENT HONORABLE COURT OF APPEALS GRAVELY ABUSED ITS DISCRETION AND/OR EXCEEDED ITS JURISDICTION IN GRANTING A FINAL RELIEF WHEN WHAT WAS PRAYED FOR WAS MERELY A PROVISIONAL REMEDY;

(B) RESPONDENT HONORABLE COURT OF APPEALS GRAVELY ABUSED ITS DISCRETION AND/OR EXCEEDED ITS JURISDICTION WHEN IT DEPRIVED PETITIONER PNCC OF ITS CONSTITUTIONAL RIGHT TO DUE PROCESS;

(C) RESPONDENT HONORABLE COURT OF APPEALS GRAVELY ABUSED ITS DISCRETION AND/OR EXCEEDED ITS JURISDICTION WHEN IT AMENDED THE FRANCHISE UNDER P.D. 1113 OF PETITIONER PNCC BY EXCLUDING FROM SAID FRANCHISE THE EXPRESSWAYS FROM BALINTAWAK TO TABANG IN THE NORTH AND FROM VILLAMOR AIR BASE TO ALABANG IN THE SOUTH;

(D) RESPONDENT HONORABLE COURT OF APPEALS HAS NO JURISDICTION OVER THE PETITION INSTITUTED BY THE SOLICITOR GENERAL ON BEHALF OF THE GOVERNMENT; AND

(E) RESPONDENT HONORABLE COURT OF APPEALS GRAVELY ABUSED ITS DISCRETION IN TAKING COGNIZANCE OF THE PETITION WHICH FAILED TO COMPLY WITH THE REQUIREMENT OF THE RULES OF COURT ON QUO WARRANTO.[3]

As required by the Court, the public respondent and private respondents filed their comments on the petition except private respondent Fernando A. Gaite who filed a motion to dismiss the petition alleging there are still pending incidents in the appellate court.

On February 16, 1990 the parties filed a motion for judgment based on the compromise agreement that reads as follows:

"MOTION FOR JUDGMENT

BASED ON COMPROMISE AGREEMENT

Petitioner Philippine National Construction Corporation (PNCC), public respondent Republic of the Philippines, private respondent Federation of Parañaque Homeowners Association, Ceferino P. Padua and Ex-Ambassador Amelito R. Mutuc, duly assisted by their respective counsel, to this Honorable Court most respectfully submit the following:

COMPROMISE AGREEMENT

1. This compromise agreement is hereby entered into and executed by the aforementioned parties in settlement

of the present case and the following cases, to wit:

- a. Civil Case No. 16699, Republic of the Philippines. vs. Philippine National Construction Corporation, et al., Regional Trial Court, Branch 137, Makati, Metro Manila;
- b. CA-G.R. SP No. 13235, Republic of the Philippines. vs. Honorable Jesus F. Guerrero, et. al., Court of Appeals;
- c. TRB Case No. 83-1, now O.P. Case No. 3465 of the Office of the President.

so that this Honorable Court no less can terminate all these cases/controversy which have been pending for more than ten (10) years.

2. The aforementioned parties in the above-cited cases have mutually agreed to settle their differences, terminate the cases between them that are pending in the different courts, and avoid future litigations by binding themselves to the following conditions:

- a. Effective April 11, 1990, PNCC shall operate the questioned segments of the North Luzon Tollways (Balintawak to Tabang) and the South Luzon Tollways (Nichols to Alabang), under the following charges for Class "1" vehicles, the collections of which PNCC shall devote and utilize exclusively for the maintenance and upkeep of said segments, to wit:

SEGMENT

EXISTING

TOLL FEES

(CLASS "1"

VEHICLES)

MAIN-

TENANCE

FEES

Nichols-Alabang

P 2.50

P 1.50

Nichols-Sucat

2.00

1.00

Nichols-Bicutan

1.00

0.50

Balintawak-Tabang

5.00

3.50

Balintawak-Bocaue

3.50

2.50

Balintawak-Meycauayan

2.00

1.50

Balintawak-Malinta

1.00

0.50

b. The construction of additional facilities, operation and maintenance of the questioned portions of the North and South Expressways by the PNCC shall be under the supervision, approval and control of the Department of Public Works and Highways through the Toll Regulatory Board in coordination with the PNCC.

c. Upon approval of the compromise agreement by the Court, PNCC shall be allowed to withdraw/encash and to receive the proceeds of the special time deposit with the Philippine National Bank, including the earnings and/or interest thereon, as well as all moneys deposited by PNCC under escrow pursuant to the May 28, 1987 Order of the Regional Trial Court Metro Manila, provided that said funds shall be used exclusively for the installation of (i) tollways lights equivalent to daytime lighting at the interchange and along the center of the Nichols-Alabang and Balintawak Tabang expressways, pursuant to internationally accepted expressways lighting standard and (ii) emergency call boxes every two kilometers throughout the length of the aforementioned segments at the average of one (1) callbox per two (2) kilometers and that PNCC shall complete the installations of (i) and (ii) within a non-extendible period of nine (9) months from approval by this Honorable Court of this Agreement.

d. PNCC shall publish in a newspaper of general circulation a regular quarterly accounting on how the deposited amount has been expended for purposes set forth in paragraph 2 (c) hereof.

e. In the implementation of paragraph 2, (b) and (c) above, PNB Buendia Branch shall release and/or pay the proceeds of the special time deposit with the Philippine National Bank to PNCC through its incumbent Treasurer

only.

f. All the aforementioned parties to the instant case agree to the dismissal with prejudice of the present case and the cases enumerated in paragraph 1 of this compromise agreement.

g. All aforementioned parties hereby waive and abandon any and all claims and counterclaims which they may have against each other.

h. This agreement shall be binding not only on the aforementioned parties but also on their respective assigns and successors-in-interest, including the aforementioned intervenors private respondents.

i. Should PNCC fail to comply with any of its commitments under this Compromise Agreement set forth in paragraph 2 (c) hereof, the Court of Appeals Decision dated August 4, 1989 in CA-G.R. SP No. 13235, entitled "Republic of the Philippines versus Hon. Jesus Guerrero, RTC Br. 148, Makati, Metro Manila, and Philippine National Construction Corporation (PNCC) formerly CDCP; Federation of Parañaque Homeowners Associations and Ceferino P. Padua, Intervenors; Amelito Mutuc, Intervenor; Fernando A. Gaité, Intervenor" shall become immediately final and executory. This sanction becomes without force and effect upon PNCC's compliance with such commitments except its other commitments under this Agreement and the maintenance of the questioned portions of the expressways which PNCC shall continue pursuant to paragraph 2 (b) hereof.

j. The parties hereby undertake to discharge their commitments hereunder in utmost good faith and diligence, and shall not do any act that would render nugatory the terms and conditions of this agreement.

k. This compromise Agreement shall take effect upon approval thereof by this Honorable Court.

WHEREFORE, it is respectfully prayed of this Honorable Court that this Compromise Agreement be approved and a decision rendered based thereon.

Makati, Metro Manila, February 15, 1990.

REPUBLIC OF THE PHILIPPINES PHILIPPINE NATIONAL

Respondent CONSTRUCTION CORPORATION

Petitioner

By: By:

(sgd.) FRANCISCO I. CHAVEZ (sgd.) RAMONCITO Z. ABAD

Solicitor General President

IBP # 289417 - 2-6-90

Attested by:

(sgd) MARIANO M. MARTINEZ (sgd) ARIEL F. AGUIRRE

Assistant Solicitor General Government Corporate

IBP # 200230 - 6-30-86 Counsel

IBP # 251278 - 8-5-88

(sgd) ENRIQUE M. REYES (sgd) VIRGILIO C. ABEJO

Solicitor Deputy Government Corporate

IBP # 267128 3-2-89 Counsel

134 Amorsolo St. Legaspi IBP # 249710 - 3-22-88

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Street, Ermita, Manila

FEDERATION OF PARAÑAQUE

HOMEOWNERS ASSOCIATION

Respondent

By:

(sgd) CEFERINO P. PADUA

Counsel

(sgd) AMELITO MUTUC

Respondent & Counsel in

his behalf

TOLL REGULATORY BOARD

By:

(sgd) JOSE VALDECAÑAS

Chairman"[4]

On February 26, 1990, Atty. P. M. Castillo filed a petition for intervention alleging that his real, actual, bona fide and unpaid contingent claim for attorney's fees is equivalent to 35% of the judgment rendered on May 7, 1986 in Civil Case No. 43049 entitled "PCIB vs. TFC, et al;" that the said judgment was unilaterally settled out of court by his clients without his knowledge, intervention and consent and without any provision for attorney's fees; that he is the joint account nominee appointed by the Honorable Judge Jesus F. Guerrero in his order dated August 14, 1987 over the daily collections from the contested portion of the North and South Expressways which were directly involved in Civil Case No. 16699 entitled "Republic of the Philippines vs. PNCC", and which were enjoined to be deposited in the trust fund to be kept and maintained by the PNB, Paseo de Roxas Branch subject to certain terms and conditions specified in said order of the court; that the daily collections under deposit with said bank is in the amount of P60,355,290.06 as of June 21, 1989, while the unaccounted collections of the contested portions of the North and South Expressways which are not reflected in the trust funds is estimated to be P300 Million more or less; that the said missing funds were allegedly spent by PNCC officials for bloated salaries, bonuses, car plans, travel abroad and other questionable expenditures for construction and improvements of the expressway; that the officials of the PNCC and PNB-Paseo de Roxas Branch fraudulently pegged the interest rate of the trust funds at the rate of an ordinary savings bank deposit which precipitated the intervenors to

file a case for Anti-Graft and Corrupt Practices with the Ombudsman- OMB Case No. 0-89-0733 entitled "Atty. P.M. Castillo vs. Edgardo Espiritu, et al.;" that the said officials of the PNCC and PNB avoided the accounting and the turn over of the amount of P300M which they fraudulently misused and maliciously misappropriated by not depositing the same with the trust funds with the PNB; that he exercised his right to a retaining lien over the aforesaid funds of the PNCC with the PNB Paseo de Roxas Branch by issuing said notice in accordance with Section 37 of Rule 138 of the Rules of Court; that his intervention to take his unpaid contingent claim is sanctioned by the doctrine in the Quasha Asperilla Ancheta Valmonte Peña & Marcos vs. Juan case;^[5] that the compromise agreement may frustrate criminal prosecution of certain officials of the PNCC and PNB, defeat the lawful processes and orders of the court and the unpaid contingent claim of attorneys fees of intervenor. While intervenor-claimant has no objection to the approval of the compromise agreement, he asked that it should not be incompatible and derogatory to his notice of retaining lien.

On March 1, 1990, an opposition to the motion for judgment based on the compromise agreement was filed by respondent Gaité alleging that the said compromise agreement is illegal and unconstitutional; and that the subject matter of the compromise agreement are existing roads (highways) and trust funds; that the parties in the compromise agreement acted in bad faith in deliberately excluding him.

An opposition to the petition for intervention was filed by the petitioner on March 19, 1990 to which a reply was filed by intervenor-claimant. A rejoinder was likewise filed by the petitioner to the reply of the intervenor-claimant.

On March 5, 1990, the Court required the parties to comment on the petition for intervention and the opposition to the motion for judgment based on the compromise agreement.

Private respondents filed a consolidated comment on the intervention asking that the latter be denied, as well as a reply to the opposition to the motion for judgment based on the compromise agreement.

On March 4, 1990, petitioner also filed its consolidated comment while respondent Republic of the Philippines likewise filed its consolidated comment on June 15, 1990.

In turn intervenor-claimant filed his consolidated reply on June 27, 1990.

After a careful examination of the records of the case, the Court finds and so holds that the petition for intervention filed by Atty. P. M. Castillo should be as it is hereby denied.

Section 2 (a), Rule 12 of the Rules of Court provides as follows:

"SEC.2. Intervention.- A person, may before or during a trial be permitted by the court, in its discretion, to intervene in an action, if he has legal interest in the matter in litigation, or in the success of either of the parties, or an interest against both, or when he is so situated as to be adversely affected by a distribution or other disposition of property in the custody of the court or of an officer thereof.

(a) Motion for intervention.- A person desiring to intervene shall file a motion for leave of court with notice upon all the parties to the action."

From the foregoing, it is clear that before a person may intervene in any proceeding, he should first file a motion for leave of court with notice upon all the parties to the action. In this case intervenor-claimant without so much as asking for the leave of court, immediately filed the petition for intervention. He did not even pray for leave of court to file said petition.

No doubt as the intervention was unauthorized and without leave of court, the same should be stricken from the records.

Moreover, the question of allowing an intervention is addressed to the sound discretion of the court by considering whether or not the intervention will unduly delay or prejudice the adjudication of the rights of the original parties and whether or not the intervenor's rights may be fully protected in a separate proceeding.[6]

A compromise agreement had been duly executed by all the parties in this case. Intervenor-claimant now proposes to unduly delay or prejudice the adjudication of the rights of the original parties to this case by his intervention.

He claims to be entitled to attorney's fees out of the trust fund of the PNCC on deposit with the PNB Paseo de Roxas Branch and head office. What the records show is that he is not seeking to collect attorney's fees in this instance. What he is claiming are his fees as joint account nominee appointed by Judge Guerrero in an order dated August 14, 1987 over the daily collections from the contested portions of the North and South Expressways which were involved in Civil Case No. 16699 entitled "Republic of the Philippines vs. PNCC", and which collections were deposited as trust funds in the PNB-Paseo de Roxas branch. Thus he cannot justify his claim for attorney's lien under Section 37, Rule 138 of the Rules of Court with provides:

"SEC. 37. Attorneys' liens. -An attorney shall have a lien upon the funds, documents and papers of his client which have lawfully come into his possession and may retain the same until his lawful fees and disbursements have been paid, and may apply such funds to the satisfaction thereof. He shall also have a lien to the same extent upon all judgments for the payment of money, and executions issued in pursuance of such judgments, which he secured in a litigation of his client, from and after the time when he shall have caused a statement of his claim of such lien to be entered upon the records of the court rendering such judgment, or issuing such execution, and shall have caused written notice thereof to be delivered to his client and to the adverse party; and he shall have the same right and power over such judgments and executions as his client would have to enforce his lien and secure the payment of his just fees and disbursements."

He is not the counsel for any of the parties in this case. None of the toll collections came into his possession by virtue of an attorney-client relationship.

Indeed, Atty. Castillo has no legal interest in this litigation or in the success of either of the parties or an interest against or both and he is not so situated as to be adversely affected by the compromise agreement.[7] Whatever award for attorney's fees he may have obtained under Civil Case No. 43049 entitled "PCIB vs. TFC, et al." before Branch 160 of the Regional Trial Court in Pasig has no bearing on this case which originated from Civil Case No. 16699 of the Regional Trial Court in Makati.

Furthermore, the alleged claim for attorney's fees of intervenor-claimant is still pending resolution in Civil Case No. 43049. And even before a decision on the matter can be had, intervenor-claimant filed another case entitled "P. M. Castillo vs. Mabanta, et al." docketed as Civil Case No. 56637 raffled to Branch 165, of the Regional Trial Court in Pasig, for the same purpose. He also filed a complaint for alleged violation of the Anti-Graft and Corrupt Practices Act before the Office of the Ombudsman against high officials of the PNCC and the PNB. He served on the PNB a notice of retaining lien.

Clearly, the rights of intervenor-claimant, if any, are adequately protected in the aforesaid proceedings. His intervention in this case should, therefore, be denied.

Now to the opposition of respondent Gaité. Contrary to his claim that the said compromise agreement amends, alters or modifies the franchise of the Construction and Development Corporation of the Philippines (now PNCC) under Presidential Decree No. 1113 and that only Congress has the power to do so, the Court finds that the said compromise agreement merely limits the use of the maintenance fees to be collected from motorists using the contested portions of the expressways and the trust funds deposited in the PNB pursuant to the order of Judge Guerrero dated May 28, 1987 in Civil Case No. 16699.

Section 1, P.D. 1113, provides:

Section 1. Any provision of law to the contrary notwithstanding, there is hereby granted to the Construction and Development Corporation of the Philippines (CDCP), a corporation duly organized and registered under the laws of the Philippines, hereinafter called the GRANTEE, for a period of thirty (30) years from May 1, 1977 the right, privilege and authority to construct, operate and maintain toll facilities covering the expressways from Balintawak (Station 9 + 583) to Carmen, Rosales, Pangasinan and from Nichols, Pasay City (Station 10 + 540) to Lucena, Quezon, hereinafter referred to collectively as North Luzon Expressway and South Luzon Expressway, respectively.

The franchise herein granted shall include the right to collect toll fees at such rates as may be fixed and/or authorized by the Toll Regulatory Board hereinafter referred to as the Board created under Presidential Decree No. 1112 for the use of the expressways above-mentioned".

From the foregoing, PNCC is granted the following:

- a) For a period of thirty (30) years from May 1, 1977, the right, privilege and authority to construct, operate and maintain toll facilities covering the expressways from Balintawak to Carmen, Rosales, Pangasinan and from Nichols, Pasay City to Lucena, Quezon; and
- b) The right to collect toll fees for the use of the expressways aforementioned.

A careful examination of the aforesaid compromise agreement shows that it does not in any way alter, modify or amend, much less repeal the franchise of PNCC under P.D. No. 1113. Its terms and conditions implement the rights of PNCC under the said decree.

Moreover, any doubts raised by private respondent Gaité have been settled under Section 3 of the said decree, viz:

"Section 3. This franchise is granted subject to such conditions as may be imposed by the Board in an appropriate contract to be executed for this purpose, and with understanding and upon the condition that it shall be subject to amendment, alteration or repeal when public interest so requires." (Emphasis supplied)

The further stipulation in the compromise agreement vesting in the DPWH the supervision, approval and control of the construction of additional facilities, operation and maintenance of the questioned segments of the expressways, which stipulation bears the approval of the Toll Regulatory Board through Chairman Jose Valdecañas, is in full accord with P.D. No. 1113.

The claim of private respondent Gaité that the compromise agreement condones the PNCC although it violated its franchise is belied by its terms and conditions. As a matter of fact, the compromise agreement imposed restrictions upon the PNCC. Thus, it is stipulated?

"a. Effective April 1, 1990, PNCC shall operate the questioned segments of the North Luzon Tollways (Balintawak to Tabang) and the South Luzon Tollways (Nichols to Alabang), under the following charges for Class "1" vehicles, the collections of which PNCC shall devote and utilize exclusively for the maintenance and upkeep of said segments, to wit:

SEGMENT

EXISTING TOLL FEES (CLASS

**"1 VEHICLES)
MAINTENANCE
FEES**

Nichols-Alabang

P 2.50

P 1.50

Nichols-Sucat

2.00

1.00

Nichols-Bicutan

1.00

0.50

Balintawak-Tabang

5.00

3.50

Balintawak-Bocaue

3.50

2.50

Balintawak-Meycauayan

2.50

1.50

Balintawak-Malinta

1.00

0.50

b. The construction of additional facilities, operation and maintenance of the questioned portions of the North and South Expressways by the NPCC shall be under the supervision, approval and control of the Department of Public Works and Highways through the Toll Regulatory Board in coordination with the PNCC.

c. Upon approval of the compromise agreement by the court, PNCC shall be allowed to withdraw/encash and to receive the proceeds of the special time deposit with the Philippine National Bank, including the earnings and/or interest thereon, as well as all moneys deposited by PNCC under escrow pursuant to the May 28, 1987 Order of the Regional Trial Court Metro Manila, provided, that said funds shall be used exclusively for the installation of (i) tollways lights equivalent to daytime lighting at the interchange and along the center of the Nichols-Alabang and Balintawak Tabang expressways, pursuant to internationally accepted expressway lighting standard and

(ii) emergency call boxes every two kilometers throughout the length of the aforementioned segments at the average of one (1) callbox per two (2) kilometers and that PNCC shall complete the installations of (i) and (ii) within a non-extendible period of nine (9) months from approval by this Honorable Court of this agreement.

x x x x x

i. Should PNCC fail to comply with any of its commitments under this Compromise Agreement set forth in paragraph 2 (c) hereof, the Court of Appeals Decision dated August 4, 1989 in CA-G.R. SP No.13235, entitled "Republic of the Philippines versus Hon. Jesus Guerrero, RTC Br. 148, Makati, Metro Manila, and Philippine National Construction Corporation (PNCC) formerly CDCP; Federation of Parañaque Homeowners' Association and-Ceferino P. Padua, Intervenors; Amelito Mutuc, Intervenor, Fernando A. Gaité, Intervenor" shall become immediately final and executory. This sanction becomes without force and effect upon PNCC's compliance with such commitments except its other commitments under this Agreement and the maintenance of the questioned portions of the expressways which PNCC shall continue pursuant to paragraph 2 (b) hereof.

x x x x x

j. The parties hereby undertake to discharge their commitments hereunder in utmost good faith and diligence, and shall not do any act that would render nugatory the terms and conditions of this agreement." (Emphasis supplied).

The PNCC is authorized to collect the maintenance fees in reduced amount. It shall no longer exercise supervision and control of the construction of additional facilities, as well as the operation of subject portion of the expressways which is transferred to the DPWH through the Toll Regulatory Board, in coordination with the PNCC.

The maintenance fees to be collected from the motorists using the questioned portions of the expressway does not require public hearings before the Toll Regulatory Board pursuant to Section 3(d) of Presidential Decree No. 1112 creating the Toll Regulatory Board, to wit:

Sec. 3. Powers and Duties of the Board. The Board shall have in addition to its general powers of administration the following powers and duties:

x_ x x x

d. Issue, modify and promulgate from time to time the rates of toll that will be charged the direct users of toll facilities and upon notice and hearing, to approve or disapprove petitions for the increase thereof. Decisions of the Board on petitions for the increase of toll rate shall be appealable to the Office of the President within ten (10) days from the promulgation thereof. Such appeal shall not suspend the imposition of the new rates, provided however, that pending the resolution of the appeal, the petition for increased rates in such case shall deposit in a trust fund such amounts as may be necessary to reimburse toll payers affected in case of a reversal of the decision. (Underscoring for emphasis)"

A public hearing is mandatory only in cases of petitions for increases in toll rates the purpose of which is to give users of the expressway who will be adversely affected an opportunity to contest the validity of such an increase. Indeed, no affected toll payer shall be prejudiced where the collectible rates were reduced as in this case.

As to the contention that the North and South Luzon expressways cannot be the subject of the compromise agreement because they are properties of public dominion, suffice it to say that the agreement does not cover the expressways but refers only to the collection of maintenance fees thereon and the supervision, approval and control by the DPWH of the constructed additional facilities on, and operation and maintenance of, the questioned portions of the expressways.

The funds deposited in the PNB are held in escrow. It is impossible to identify the affected toll payers to whom reimbursement should be made. Thus, under the compromise agreement, it will be used for - (a) tollways lights equivalent to daylight lighting at the interchange and along the center of the Nichols-Alabang and Balintawak-Tabang segments of the expressways, pursuant to internationally accepted expressways light standards; (b) emergency call boxes every two (2) kilometers throughout the length of the aforementioned segments at the average of one (1) callbox per two (2) kilometers. Clearly then, the money in escrow will be disposed of for the benefit of the users of the affected portions of the expressways.

Finally, the claim of respondent Gaite that the parties to the compromise agreement acted in bad faith in its execution inasmuch as he had no notice thereof is without basis. He attended one of the numerous meetings scheduled by the parties and in one meeting he manifested that he was against the compromise agreement. Henceforth, he did not attend the scheduled meetings.

Indeed, in the meeting he attended, some of his suggestions were accepted by the lawyers of the parties. He was given due notice and an opportunity to be heard. He has not shown that the compromise agreement was prejudicial to his rights.

WHEREFORE, in as much as the compromise agreement of the parties dated February 15, 1990 is not contrary to law, morals, public order, good customs or public policy, the same is hereby APPROVED and the parties are hereby enjoined to faithfully comply with the terms and conditions of the same.

SO ORDERED.

Narvasa, (Chairman), Cruz, Griño-Aquino, and Medialdea, JJ., concur.

[1] Page 48, Rollo.

[2] Justice Floreliana C. Bartolome was the ponente, concurred in by Justices Ricardo L. Pronove, Jr. and Bonifacio A. Cacdac, Jr.

[3] Pages 8 to 9, Rollo.

[4] Pages 176 to 182, Rollo.

[5] 118 SCRA 505 (1982).

[6] Section 2 (b), Rule 12, Rules of Court.

[7] Section 2, Rule 12, Rules of Court.

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