

## SECOND DIVISION

**[ G.R. No. 207252, January 24, 2018 ]**

**PHILIPPINE GEOTHERMAL, INC. EMPLOYEES UNION (PGIEU),  
PETITIONER, CHEVRON GEOTHERMAL PHILS. HOLDINGS, INC.,  
RESPONDENT.**

### D E C I S I O N

**REYES, JR., J:**

This is a Petition for Review on *Certiorari*<sup>[1]</sup> pursuant to Rule 45 of the Rules of Court, as amended, seeking to reverse and set aside the Decision<sup>[2]</sup> dated November 5, 2012 of the Court of Appeals (CA) in CA-G.R. SP. No. 115796, dismissing the Petition for Review entitled "*Philippine Geothermal, Inc. Employees Union (PGIEU) vs. Chevron Geothermal Phils. Holdings, Inc.*" as well as the Resolution<sup>[3]</sup> dated May 17, 2013 denying Philippine Geothermal, Inc. Employees Union's (petitioner) Motion<sup>[4]</sup> for Reconsideration dated November 27, 2012.

#### The Facts

Petitioner is a legitimate labor organization and the certified bargaining agent of the rank-and-file employees of Chevron Geothermal Phils. Holdings, Inc. (respondent).<sup>[5]</sup>

On July 31, 2008, the petitioner and respondent formally executed a Collective Bargaining Agreement (CBA) which was made effective for the period from November 1, 2007 until October 31, 2012. Under Article VII, Section 1 thereof, there is a stipulation governing salary increases of the respondent's rank-and-file employees, as follows:

#### **Section 1. WAGE INCREASE**

The COMPANY will grant the following:

- Effective Nov. 1, 2007, P260,000.00 - lump sum payment for the 1<sup>st</sup> year of this agreement (taxable).
- Effective Nov. 1, 2008, across the board increase on the monthly salary in the amount of P1,500.00.
- Effective Nov. 1, 2009, across the board increase on the monthly salary in the amount of P1,500.00.<sup>[6]</sup>

In implementing the foregoing provision, the parties agreed on the following guidelines appended as Annex D of said CBA, *viz.*:

Employment Status	P260K	P1500	P1500
	Lump Sum	(Nov. 1, 2008)	(Nov. 1,

			2009)
Regularized on or before April 30, 2008	/	/	/
Regularized between May 1, 2008 and October 31, 2008	X	/	/
Regularized on or before April 30, 2009	X	/	/
Regularized between May 1, 2009 and October 31, 2009	X	X	/
Regularized on or before April 30, 2010	X	X	/

On October 6, 2009, a letter dated September 20, 2009 was sent by the petitioner's President to respondent expressing, on behalf of its members, the concern that the aforesaid CBA provision and implementing rules were not being implemented properly pursuant to the guidelines and that, if not addressed, might result to a salary distortion among union members.<sup>[7]</sup>

On even date, respondent responded by letter denying any occurrence of salary distortion among union members and reiterating its remuneration philosophy of having "similar values for similar jobs", which means that employees in similarly-valued jobs would have similar salary rates. It explained that to attain such objective, it made annual reviews and necessary adjustments of the employees' salaries and hiring rates based on the computed values for each job.<sup>[8]</sup>

Finding the explanation not satisfactory, petitioner, with respondent's approval, referred the subject dispute to the Voluntary Arbitration of the National Conciliation and Mediation Board (NCMB). It averred that respondent breached their CBA provision on worker's wage increase because it granted salary increase even to probationary employees in contravention of the express mandate of that particular CBA article and implementing guidelines that salary increases were to be given only to regular employees.<sup>[9]</sup>

To cite an example, petitioner alleged that respondent granted salary increases of One Thousand Five Hundred Pesos (P1,500.00) each to then probationary employees Sherwin Lanao (Lanao) and Jonel Cordovales (Cordovales) at a time when they have not yet attained regular status. They (Lanao and Cordovales) were regularized only on January 1, 2010 and April 16, 2010, respectively, yet they were given salary increase for November 1, 2008. As a consequence of their accelerated increases, wages of said probationary workers equated the wage rates of the regular employees, thereby obliterating the wage rates distinction based on merit, skills and length of service. Therefore, the petitioner insisted that its members' salaries must necessarily be increased so as to maintain the higher strata of their salaries from those of the probationary employees who were given the said premature salary increases.<sup>[10]</sup>

On the other hand, respondent maintained that it did not commit any violation of that CBA provision and its implementing guidelines; in fact, it complied therewith. It reasoned that the questioned increases given to Lanao and Cordovales' salaries were granted, not during their probationary employment, but after they were

already regularized. It further asseverated that there was actually no salary distortion in this case since the disparity or difference of salaries between Lanao and Cordovales with that of the other company employees were merely a result of their being hired on different dates, regularization at different occasions, and differences in their hiring rates at the time of their employment.<sup>[11]</sup>

After due proceedings, the Voluntary Arbitrator rendered a Decision<sup>[12]</sup> dated August 16, 2010 in favor of respondent, ruling that petitioner failed to duly substantiate its allegations that the former prematurely gave salary increases to its probationary employees and that there was a resultant distortion in the salary scale of its regular employees.<sup>[13]</sup>

Thereafter, a Petition<sup>[14]</sup> for Review under Rule 65 was filed with the CA on September 22, 2010.

On November 5, 2012, the CA rendered its Decision.<sup>[15]</sup> It dismissed the petition for review and sustained the Voluntary Arbitrator's decision. The pertinent and dispositive portion of the assailed decision reads as follows:

In fine, We hold that the Voluntary Arbitrator of NCMB did not commit grave abuse of discretion in dismissing petitioner union's complaint against respondent company. Settled is the rule that factual findings of labor officials who are deemed to have acquired expertise in matters within their jurisdiction, are generally accorded not only respect but even finality, and they are binding when supported by substantial evidence. In this case, these findings are supported by competent and convincing evidence.

**WHEREFORE**, premises considered, the instant petition is **DISMISSED**. The Decision dated 16 August 2010 of the Voluntary Arbitrator of the NCMB Regional Branch No. IV is **SUSTAINED**.

**SO ORDERED.**<sup>[16]</sup>

On November 28, 2012, petitioner filed its Motion<sup>[17]</sup> for Reconsideration. This was, however, denied by the CA in its Resolution<sup>[18]</sup> dated May 17, 2013.

Hence, this petition.

### **The Issues**

#### I.

WHETHER OR NOT THE CA GRAVELY ERRED IN HOLDING THAT RESPONDENT DID NOT VIOLATE THE CBA IN GRANTING WAGE INCREASE OF P1,500.00 TO LANAO AND CORDOVALES AT A TIME WHEN THEY HAD NOT YET ATTAINED REGULAR STATUS

#### II.

WHETHER OR NOT THE CA GRAVELY ERRED IN HOLDING THAT THE GRANT OF WAGE INCREASE TO LANAO AND CORDOVALES IS A VALID EXERCISE OF MANAGEMENT PREROGATIVES BY RESPONDENT

III.

WHETHER OR NOT THE CA ERRED IN NOT ORDERING RESPONDENT TO LIKEWISE INCREASE THE RATES OF OTHER REGULAR EMPLOYEES IN ORDER TO MAINTAIN THE DIFFERENCE BETWEEN THEIR RATES AND THOSE OF THE EMPLOYEES WHO WERE ALLEGEDLY GRANTED PREMATURE WAGE INCREASES

**Ruling of the Court**

The petition is devoid of merit.

Petitioner and respondent entered into an agreement whereby employees will be granted a wage increase depending on the date of their regularization, viz.:

Employment Status	P260K	P1500	P1500
	Lump Sum	(Nov. 1, 2008)	(Nov. 1, 2009)
Regularized on or before April 30, 2008	/	/	/
Regularized between May 1, 2008 and October 31, 2008	X	/	/
Regularized on or before April 30, 2009	X	/	/
Regularized between May 1, 2009 and October 31, 2009	X	X	/
Regularized on or before April 30, 2010	X	X	/

Petitioner claims that Lanao and Cordovales having been regularized only on January 1, 2010 and April 16, 2010, respectively, are not covered by the P260,000.00 lump sum and the initial P1500.00 wage increase effective on Nov. 1, 2008. It appears, however, that based on the actual pay slips of union members, Lanao and Cordovales both received wage increase in the amount of P1500.00 effective Nov. 1, 2008 and that such increase was immediately granted to them at the time of their hiring which resulted to the increase of their salaries to P36,500.00 per month.

It is further stressed by petitioner that the increase granted by respondent to Lanao and Cordovales are violative of the terms of the CBA, specifically Section 1, Article VII and Annex D, for the reason that these employees have not yet attained "Regular" status at the time they were granted a wage increase and thus resulting to a salary/wage distortion.

Respondent, for its part, claims that the alleged "increase" in the wages of these employees was not due to application of the provisions of Article VII and Annex D of the CBA, rather it was brought about by the increase in the hiring rates at the time these employees were hired. As a matter of fact, a careful scrutiny of the records reveals that respondent have complied with the terms agreed upon in the CBA.