

FIRST DIVISION

[G.R. No. 193936, December 11, 2013]

NATIONAL POWER CORPORATION, PETITIONER, VS. YCLA SUGAR DEVELOPMENT CORPORATION, RESPONDENT.

DECISION

REYES, J.:

Before this Court is a petition for review on *certiorari*^[1] under Rule 45 of the Rules of Court seeking to annul and set aside the Decision^[2] dated September 23, 2010 of the Court of Appeals (CA) in CA-G.R. CV No. 86508, which affirmed with modification the Decision^[3] dated May 12, 2005 of the Regional Trial Court (RTC) of Calapan City, Oriental Mindoro, Branch 40, in Civil Case No. R-4600.

The Facts

Petitioner National Power Corporation (NPC) is a government owned and controlled corporation created for the purpose of undertaking the development of hydroelectric power throughout the Philippines. NPC is thus authorized to exercise the power of eminent domain to carry out the said purpose.^[4]

Respondent YCLA Sugar Development Corporation (YCLA) is the registered owner of three parcels of land situated in Puerto Galera, Oriental Mindoro, covered by Transfer Certificates of Title Nos. T-5209, T-21280 and T-78583.

In order to complete its 69 KV Calapan-Mamburao Island Grid Project in Puerto Galera, Oriental Mindoro, NPC had to construct transmission lines that would traverse several private properties, including the said parcels of land owned by YCLA.

Accordingly, on December 2, 1997, NPC filed a Complaint^[5] for expropriation with the RTC against YCLA and several other individuals. The NPC sought the expropriation of a portion of the parcels of land owned by the said defendants for the acquisition of an easement of right-of-way over areas that would be affected by the construction of transmission lines. The portion of YCLA's properties that would be affected by the construction of NPC's transmission lines has an aggregate area of 5,846 square meters.

YCLA filed its Answer^[6] dated July 9, 1998, alleging that the Complaint should be dismissed outright due to NPC's failure to allege the public use for the intended expropriation of its properties.

On April 30, 1999, the parties moved, *inter alia*, for the constitution of a Board of Commissioners to be appointed by the RTC to determine the reasonable amount of

just compensation to be paid by the NPC. Thus, on even date, the RTC issued an order terminating the pre-trial conference and directing the constitution of a Board of Commissioners, which would submit a report and recommendation as to the reasonable amount of just compensation for the properties sought to be expropriated.

Meanwhile, on June 4, 1999, the RTC, acting on NPC's urgent ex- parte motion, issued a writ of possession placing NPC in possession of the properties sought to be expropriated.

On May 2, 2001, the Board of Commissioners submitted its Report,^[7] which fixed the amount of just compensation of the subject properties at P500.00 per sq m. YCLA objected to the amount recommended by the Board of Commissioners, claiming that the amount of just compensation should be fixed at P900.00 per sq m considering the improvements in their properties.

On October 19, 2001, the RTC issued an Order directing YCLA to submit its written manifestation, together with supporting documents, on its position on the proper valuation of the subject properties. NPC was likewise given 15 days to comment thereon. Trial on the determination of the reasonable amount of just compensation ensued thereafter.

Consequently, YCLA filed a motion asking the RTC to direct the Board of Commissioners to conduct an ocular inspection over the subject properties and, thereafter, amend/revise the Board of Commissioner's Report dated May 2, 2001. YCLA's motion was granted by the RTC on July 25, 2003.

Meanwhile, on November 25, 2002, the RTC rendered a Partial Decision as regards the amount of just compensation that would be paid by the NPC to the other defendants.

On September 15, 2003, the Board of Commissioners submitted its second Report,^[8] which fixed the just compensation of the subject properties at P1,000.00 per sq m. The Board of Commissioners' Report dated September 15, 2003, in part, reads:

The undersigned secured from the office of the Provincial Assessor the actual appraised value per square meter x x x of the Agricultural Land subject matter of the case which is [P11.50] per square meter[.] [H]owever, the prevailing market value is Five Hundred Pesos ([P]500.00) to One Thousand Five Hundred Pesos ([P]1,500.00) per square meters x x x, per actual sale and opinion value of reliable persons x x x.

In view thereof, the undersigned is submitting this report to the Honorable Court that the amount of One Thousand Pesos ([P]1,000.00) per square meter should be the basis in the computation of the price per square meter of the land subject matter of the instant case, justified by its location on [a] strategic place and the consequential damages to the whole properties of the defendants because the plaintiff occupied the front portion along the highway.^[9]

On May 12, 2005, the RTC rendered a Decision,^[10] which adopted the report and recommendation of the Board of Commissioners, viz:

ACCORDINGLY, judgment is hereby rendered directing the plaintiff National Power Corporation to pay herein defendant YCLA the total amount of [P]5,786,000.00 representing the value of the expropriated lands owned by the said defendant and its 26 molave trees which were cut down to make way for the plaintiff[s] project, with legal interest from the time the plaintiff had actually took possession of the subject properties on 19 April 1999 until full payment has been made.

SO ORDERED.^[11]

The RTC pointed out that the Board of Commissioner's Report dated May 2, 2001, which recommended that the amount of just compensation be fixed at P500.00 per sq m, was arrived at without conducting an ocular inspection of the subject properties. That, upon YCLA's request, the Board of Commissioners subsequently conducted an ocular inspection of the subject properties, which prompted them to revise their earlier recommendation.

Unperturbed, NPC appealed the RTC Decision dated May 12, 2005 to the CA, alleging that the RTC erred in relying on the recommendation of the Board of Commissioners as regards the amount of just compensation. NPC claimed that the amount of P1,000.00 per sq m recommended by the Board of Commissioners as the reasonable amount of just compensation, which was adopted by the RTC, is too excessive considering that the subject properties were barren and undeveloped agricultural lands at the time it instituted the action for expropriation.

On September 23, 2010, the CA rendered the Decision^[12] which affirmed with modification the RTC Decision dated May 12, 2005, thus:

WHEREFORE, the assailed Decision is **AFFIRMED** with the **MODIFICATION only in so far as the value of just compensation for the property involved is concerned.** Resultantly, the herein appellant is ordered to pay YCLA Sugar Development Corporation the award of [P]900.00 per square meter, as and by way of just compensation for the expropriated property. Costs against the herein appellant.

SO ORDERED.^[13]

The CA held that the RTC's determination of the amount of just compensation was reasonable notwithstanding that it was merely based on the Report submitted by the Board of Commissioners. The RTC pointed out that there was no showing that the said Report was tainted with irregularity, fraud or bias. Nevertheless, the CA modified the award rendered by the RTC, by fixing the amount of just compensation to P900.00 per sq m instead of P1,000.00 per sq m, since YCLA only sought an award of P900.00 per sq m as just compensation for the subject properties in the proceedings before the RTC.

The Issue