



Republic of the Philippines
Supreme Court
Manila

CERTIFIED TRUE COPY

Mis DDC Batt
MISAEEL DOMINGO C. BATTUNG III
Deputy Division Clerk of Court
Third Division

THIRD DIVISION

JAN 16 2020

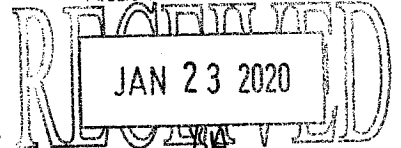
NATIONAL POWER
CORPORATION,

G.R. No. 221709

Petitioner,

Present:

SUPREME COURT OF THE PHILIPPINES
PUBLIC INFORMATION OFFICE



PERALTA, J.,
Chairperson,

LEONEN,*

REYES, A., JR.,

HERNANDO, and

INTING, JJ.

BY: _____
TIME: 1:13 PM

- versus -

DELTA P, INC.,

Promulgated:

Respondent.

October 16, 2019

Mis DDC Batt

X-----X

DECISION

REYES, A., JR., J.:

Challenged before this Court *via* this Petition for Review on *Certiorari*¹ under Rule 45 of the Rules of Court is the Decision² dated March 26, 2015 of the Court of Appeals (CA), and its Resolution³ dated November 25, 2015, in CA-G.R. CV No. 99605, which affirmed the Decision⁴ dated March 30, 2012 of the Regional Trial Court (RTC) of Puerto Princesa City, Branch 47, in Civil Case No. 3997.

* On wellness leave.

¹ *Rollo*, pp. 9-26.

² Penned by Associate Justice Pedro B. Corales, with Associate Justices Sesinando E. Villon and Rodil V. Zalameda (now a Member of this Court), concurring; *id.* at 33-46.

³ *Id.* at 48-49.

⁴ Rendered by Presiding Judge Jocelyn Sundiang Dilig; *id.* at 116-148.

Reyes

The Antecedent Facts

The facts, as summarized from the CA, are as follows: respondent Delta P, Inc. (Delta P), an independent power producer, previously took over the operations of a generating plant in Puerto Princesa City owned by Paragua Power Corporation (PPC). At the time of the takeover of operations, PPC had a Power Purchase Agreement (PPA) with petitioner National Power Corporation (NAPOCOR), wherein the latter agreed to purchase the electricity generated by the former for the purpose of meeting NAPOCOR's obligation to supply the consumers of Palawan Electric Cooperative, Inc. in Puerto Princesa City and the towns of Narra, Aborlan, and Quezon, Palawan.⁵

As a result of Delta P's takeover, NAPOCOR was requested to direct payment for the services to Delta P. However, NAPOCOR refused to do so, with the reasoning that PPC, not Delta P, is the contracting party involved in the PPA. The standstill resulted in Delta P subsequently advising NAPOCOR that it could no longer operate the power station for lack of funds.⁶

On February 26, 2003, NAPOCOR Vice-President for Strategic Power Utilities Group, Lorenzo S. Marcelo (Marcelo), issued a Memorandum to NAPOCOR President Rogelio M. Murga (Murga) seeking approval to supply the fuel and pay the manpower services of PPC's generating plant due to the imminent power shortage in Puerto Princesa City. Allegedly, this shortage was caused by Delta P's inability to produce the required electricity due to the lack of bunker fuel.⁷

The Memorandum was approved by Murga. Thus, Marcelo sent a letter on March 7, 2003 to Delta P's Plant Manager informing him that, upon the request of the local government of Palawan, NAPOCOR would supply fuel to the generating plant and pay the manpower salaries while Delta P's internal problems were being resolved.⁸

The already fragile equilibrium began to further fracture when Delta P instituted on March 12, 2003 an action for collection of sum of money against NAPOCOR, docketed as Civil Case No. 3766, insisting on its right to collect payment of electricity "off-taken" by NAPOCOR. On July 15, 2003, the RTC upheld the action taken by Delta P and rendered a judgment recognizing the latter's right under the doctrines of *accion in rem verso* and unjust enrichment to be paid for the electricity "off-taken" by NAPOCOR from the months of December 2002 to June 2003. This was despite the lack

⁵ Id. at 34.

⁶ Id.

⁷ Id.

⁸ Id. at 35.

Meyer

of any existing contract between the parties, as the RTC found that NAPOCOR benefited from Delta P without paying a single centavo.⁹

NAPOCOR was, thus, ordered to pay ₱87,944,215.67 representing the ₱90,394,855.86 total value of the invoices from January 28, 2003 to June 27, 2003 less ₱2,450,640.19 for adjustment in billing due to reduction in tariff effective March 9, 2003, for the billing period February 25, 2003 to March 25, 2003.¹⁰ This judgment attained finality, and was subsequently implemented against NAPOCOR.

On July 30, 2003, NAPOCOR sent to Delta P a Notice of Termination reminding the latter that it undertook the supply of fuel requirement of the generating plant as a remedial measure to address the imminent power shortage in Puerto Princesa City, but with the payment of the adjudged amount in Civil Case No. 3766, there was no longer any basis for the NAPOCOR to continue its fuel supply. Thus, Delta P stated that it will terminate the said supply of fuel to the 16MW Power Plant effective August 15, 2003.¹¹

However, the parties belatedly agreed that Delta P should continue generating and supplying electricity in Palawan with the express undertaking of NAPOCOR to pay monthly invoices for the services rendered by Delta P at the power station.¹²

The contractual relationship of the parties continued without any hitch until the NAPOCOR issued on December 4, 2003 Debit Memo S1-03-12-0041 (Debit Memo) deducting ₱24,449,247.36 from Delta P's account for the alleged incremental costs of the fuel it had supplied to Delta P from February 25, 2003 to June 25, 2003. Finding the same preposterous, Delta P countered by filing a sum of money case assailing the validity of the Debit Memo for lack of prior agreement authorizing payment of the fuel costs.¹³

Therein, Delta P alleged that NAPOCOR voluntarily chose to supply fuel in the power station despite lack of request, in order to avoid a disruption of fuel, and that Delta P's acceptance of the fuel should not be construed as an implied approval to bear the costs of the same. Delta P, likewise, pointed to its previous invoices to NAPOCOR from February 25, 2003 to June 25, 2003, which did not include the fuel costs component of the electricity it generated and supplied at the power station.¹⁴

⁹ Id. at 36.

¹⁰ Id.

¹¹ Id.

¹² Id. at 37.

¹³ Id.

¹⁴ Id.

Meyer

In response, NAPOCOR invoked Delta's alleged voluntary acceptance and benefit from the fuel supplied, and that upon an audit, it was discovered that there were variances between the actual costs of fuel and the fuel costs tariff.¹⁵

In its Decision¹⁶ dated March 30, 2012, the RTC ruled in favor of Delta P, the dispositive portion of the same reading, to wit:

WHEREFORE, premises considered, judgment is hereby rendered, to wit:

1. Declaring the debit made by the [NAPOCOR] on the account of the [Delta P] for the period from February 25, 2003 to June 25, 2003 for "cost of fuel delivered to DELTA P" in the total amount of TWENTY[-]FOUR MILLION, FOUR HUNDRED FORTY-NINE THOUSAND, TWO HUNDRED FORTY-SEVEN PESOS AND TH[IR]TY-SIX CENTAVOS (Php24,449,247.36) to be void and illegal;
2. Ordering the [NAPOCOR] to pay [Delta P]:
 - a. TWENTY[-]FOUR MILLION, FOUR HUNDRED FORTY-NINE THOUSAND, TWO HUNDRED FORTY-SEVEN PESOS AND TH[IR]TY-SIX CENTAVOS (PHP24,449,247.36) plus legal interest from the finality of this Decision until full payment;
 - b. FIVE HUNDRED THOUSAND PESOS (PHP500,000.00) as attorney's fees[.]

With costs against the defendant.

SO ORDERED.¹⁷ (Emphasis in the original)

The RTC denied the NAPOCOR's Motion for Reconsideration in an Order¹⁸ dated July 4, 2012. On appeal, the CA dismissed the NAPOCOR's petition for lack of merit,¹⁹ to wit:

WHEREFORE, the appeal is **DENIED** for lack of merit. The March 30, 2012 Decision and the July 4, 2012 Order of the [RTC], Branch 47, Puerto Princesa City in Civil Case No. 3997 are hereby **AFFIRMED**.²⁰ (Emphasis in the original)

NAPOCOR's Motion for Reconsideration²¹ was, likewise, struck down for lack of merit.²² Hence, this Petition.

¹⁵ Id.

¹⁶ Id. at 116-148.

¹⁷ Id. at 146-147.

¹⁸ Id. at 40.

¹⁹ Decision dated March 26, 2015; id. at 33-46.

²⁰ Id. at 45.

²¹ Id. at 50-56.

²² Resolution dated November 25, 2015; id. at 48-49.

Meyer

The Issues

First, whether or not NAPOCOR's supply of fuel to Delta P is gratuitous, and in the form of a donation.

Second, whether or not Delta P is liable to reimburse NAPOCOR for the latter's payment of the same, and subject to NAPOCOR's computation of the cost taking into consideration NAPOCOR's allegations that the post-audit constituted a supervening event justifying the payment, and despite the judgment rendered by the RTC in Civil Case No. 3766.

The Arguments of the Parties

NAPOCOR argues that the lower courts mistakenly perceived the supply of fuel to be in the form of a donation and essentially gratuitous. NAPOCOR states that, had it been its intention to provide fuel to Delta P free of charge, it would have necessarily manifested that gratuity clearly to the latter, especially since public funds were utilized to fund the procurement of the fuel and as such, all the expenses would be subject to post-audit.²³

For NAPOCOR, the lower courts erred in finding as contrary to law NAPOCOR's act of debiting from Delta P's invoice the amount totaling ₱24,449,247.36. This debited amount allegedly corresponds to the incremental cost NAPOCOR had to shoulder because of its supply of fuel to Delta P's 16MW Diesel Power Station in Puerto Princesa City, Palawan.²⁴

NAPOCOR alleges that its debit was necessarily valid, as it was able to properly substantiate with competent evidence its overpayment and the alleged prevailing circumstances, rendering the execution inequitable. This overpayment was allegedly due to Delta P unjustifiably excluding the market fluctuations and transshipment costs that resulted to an erroneous computation, which led the NAPOCOR to make an overpayment of ₱24,449,247.36 representing the difference between the allowable fuel cost and the actual fuel cost.²⁵

When NAPOCOR took on the responsibility of delivering fuel to Delta P, the latter, thus, became liable to compensate NAPOCOR all the incremental costs for delivering fuel, including the market fluctuations and transshipment costs from the period of March 2003 to June 2003. NAPOCOR alleges that its computation showed that Delta P merely indicated a zero amount in the fuel tariff, but the incremental fuel costs were

²³ Id. at 19.

²⁴ Id. at 18.

²⁵ Id. at 21-22.

Reyes

not included, and that the increase in the cost of fuel in the international market was not taken into consideration by Delta P in its computation. Delta P, instead, relied on the reference rate stated in the PPA formula, and disregarded market fluctuations and transshipment costs.²⁶

NAPOCOR, further, alleges that the principles of unjust enrichment and *solution indebiti* are applicable to the case at bar. As NAPOCOR took on the responsibility of delivering fuel to Delta P, the latter became liable to compensate NAPOCOR for all the incremental costs of the delivery, which included market fluctuations and transshipment.²⁷

On the other hand, Delta P counters that NAPOCOR was unable to raise any arguments that have not already been considered, passed upon, and resolved by the trial court and the CA, and, in fact, are merely rehashes or reiterations of the points already adjudicated upon by the lower courts.²⁸

For Delta P, the payment made to it by NAPOCOR was not made by mistake as it was pursuant to a decision that had already become final and executory²⁹ and, as such, was now immutable and unalterable. Anent NAPOCOR's contention that it had the authority to conduct a post-audit of the adjudged amount based on the PPA with PPC which provided a formula in the fuel component computable in the billings to be provided by the power producer, Delta P contends that such is irrelevant to the case as the cause of action is not based on contract, but on the decision in Civil Case No. 3766.³⁰

Delta P also points to the records showing that on cross-examination, officers of NAPOCOR admitted that any manifestation as to the amounts subjected to post-audit was only communicated internally and was not formally made known to Delta P. Witness testimony also showed that there was no disagreement regarding the fact that the invoices, which were adjusted by NAPOCOR, formed part of the decision in Civil Case No. 3766, further emphasizing the unilateral nature of NAPOCOR's deduction.³¹

For Delta P, not only did the decision in Civil Case No. 3766 become final and executory, the same was actually and already satisfied when NAPOCOR paid the sums adjudged without any condition or qualification.³²

²⁶ Id. at 13-15.

²⁷ Id. at 21.

²⁸ Id. at 100.

²⁹ Id. at 102.

³⁰ Id. at 106.

³¹ Id. at 108.

³² Id. at 113.

Meyer

Ruling of the Court

NAPOCOR's petition is partly meritorious.

The debit was done unilaterally by the NAPOCOR.

The Court adheres to the findings of fact consistent with both the RTC and the CA that the debit made by NAPOCOR was unilaterally done, and that NAPOCOR's supply of fuel to Delta P was an act of gratuity.

As a rule, the findings of fact of the RTC, as affirmed in totality by the CA, are binding and conclusive upon this Court. In *Gatan v. Vinarao*,³³ the Court stated it has always accorded great weight and respect to the findings of fact of trial courts, especially in their assessment of the credibility of witnesses. It was held, thus:

When it comes to credibility, the trial court's assessment deserves great weight, and is even conclusive and binding, unless the same is tainted with arbitrariness or oversight of some fact or circumstance of weight and influence. Since it had the full opportunity to observe directly the deportment and the manner of testifying of the witnesses before it, the trial court is in a better position than the appellate court to properly evaluate testimonial evidence. The rule finds an even more stringent application where the CA sustained said findings, as in this case.³⁴

In *Bank of the Philippine Islands v. Leobrera*,³⁵ the Court further stressed that:

[F]indings of fact of the trial court, when affirmed by the [CA], are binding upon the Supreme Court. This rule may be disregarded only when the findings of fact of the [CA] are contrary to the findings and conclusions of the trial court, or are not supported by the evidence on record. But there is no ground to apply this exception to the instant case. This Court will not assess all over again the evidence adduced by the parties particularly where as in this case the findings of both the trial court and the [CA] completely coincide.³⁶

In this case, absent any proper substantiation on the part of NAPOCOR that there was arbitrariness or oversight on the part of the RTC or CA in appreciating the evidence presented as to the status of the grant during the lower proceedings, the Court adheres to the lower

³³ G.R. No. 205912, October 18, 2017, 842 SCRA 602.

³⁴ Id. at 618, citing *People v. Regaspi*, 768 Phil. 593, 598 (2015).

³⁵ 461 Phil. 461 (2003).

³⁶ Id. at 469, citing *Mercado v. People*, 441 Phil. 216, 225 (2002).

Meyer

courts' findings of fact. Even if the Court would rely on its own perusal of the records, it is clear that NAPOCOR's motivation for supplying the fuel was the power crisis in Palawan and the request of the local government to intervene. While this may not be as absolute an act of liberality as NAPOCOR had a personal agenda for doing so, such reason does not take away from the fact that the supplying of fuel was done without the annexing of any condition to be complied with by Delta P. There was not even an annotation in any document that Delta P would have to pay any amount back, nor any indication whatsoever that the supply was a mere loan. Absent any these, for whatever reason, the Court agrees to the finding that the supplying of fuel was a donation, which was defined in *Republic of the Philippines v. Sps. Llamas*,³⁷ to wit:

A donation is, by definition, "an act of liberality." Article 725 of the Civil Code provides:

Article 725. Donation is an act of liberality whereby a person disposes gratuitously of a thing or right in favor of another, who accepts it.

To be considered a donation, an act of conveyance must necessarily proceed freely from the donor's own, unrestrained volition. A donation cannot be forced: it cannot arise from compulsion, be borne by a requirement, or otherwise be impelled by a mandate imposed upon the donor by forces that are external to him or her. Article 726 of the Civil Code reflects this commonsensical wisdom when it specifically states that conveyances made in view of a "demandable debt" cannot be considered true or valid donations.³⁸ (Citation omitted)

NAPOCOR's grant was not forced, did not arise from any compulsion exerted upon it, and was not impelled by any mandate. Even arguing that NAPOCOR was constrained to supply the fuel at the request of the local government, there was nothing to hinder it from annotating or stating even in brief terms that this payment would be a loan meant to be paid back once Delta P reaches financial stability.

NAPOCOR itself mentions that as a government entity subject of audit, the funds that it provides must be carefully accounted for. Thus, NAPOCOR should have protected what it supplied by putting a caveat for whatever it gave, and absent that, there is no other conclusion than to treat the supply of fuel as gratuitous and a donation without condition.

The doctrine of immutability of judgment applies in this case.

³⁷ 804 Phil. 264 (2017).

³⁸ Id. at 276.

Meyer

Likewise, the Court agrees with the CA that there is no valid reason to depart from the doctrine of immutability of judgment of the RTC in Civil Case No. 3766, said doctrine applying as NAPOCOR's debit in essence served as a gross deviation of the final and executory judgment as rendered for NAPOCOR to pay the complete ₱87,944,215.67 to Delta P.

It is axiomatic that when a final judgment is executory, it becomes immutable and unalterable. It may no longer be modified in any respect either by the tribunal which rendered it or even by this Court. The doctrine is founded on considerations of public policy and sound practice that, at the risk of occasional errors, judgments must become final at some definite point in time. It has a two-fold purpose: *first*, to avoid delay in the administration of justice and thus, procedurally, to make orderly the discharge of judicial business, and *second*, to put an end to judicial controversies, at the risk of occasional errors, which is precisely why courts exist. Controversies cannot drag on indefinitely, and the rights and obligations of every litigant must not hang in suspense for an indefinite period of time.³⁹

There are, however, recognizable instances when a final judgment may be subject to modification. In *FGU Insurance Corp. v. RTC of Makati City, Br. 66, et al.*,⁴⁰ the Court took the occasion to expound on the doctrine and the instances when there can be an acceptable deviation from the same:

Under the doctrine of finality of judgment or immutability of judgment, a decision that has acquired finality becomes immutable and unalterable, and may no longer be modified in any respect, even if the modification is meant to correct erroneous conclusions of fact and law, and whether it be made by the court that rendered it or by the Highest Court of the land. Any act which violates this principle must immediately be struck down.

But like any other rule, it has exceptions, namely: (1) the correction of clerical errors; (2) the so-called *nunc pro tunc* entries which cause no prejudice to any party; (3) void judgments; and (4) whenever circumstances transpire after the finality of the decision rendering its execution unjust and inequitable. The exception to the doctrine of immutability of judgment has been applied in several cases in order to serve substantial justice. x x x.⁴¹ (Citation omitted)

In *Go v. Echavez*,⁴² the exceptions to the rule were further elaborated on, to wit:

³⁹ *PCI Leasing and Finance, Inc. v. Milan, et al.*, 631 Phil. 257, 278 (2010).

⁴⁰ 659 Phil. 117 (2011).

⁴¹ *Id.* at 123.

⁴² 765 Phil. 410 (2015).

Meyer

Clerical errors cover all errors, mistakes, or omissions that result in the record's failure to correctly represent the court's decision. However, courts are not authorized to add terms it never adjudged, nor enter orders it never made, *although it should have made such additions or entered such orders*.

In other words, to be clerical, the error or mistake must be plainly due to inadvertence or negligence. x x x.

Nunc pro tunc is Latin for "now for then." Its purpose is to put on record an act which the court performed, but omitted from the record through inadvertence or mistake. It is neither intended to render a new judgment nor supply the court's inaction. In other words, a *nunc pro tunc* entry may be used to make the record speak the truth, but not to make it speak what it did not speak but ought to have spoken.

A void judgment or order has no legal and binding effect. It does not divest rights and no rights can be obtained under it; all proceedings founded upon a void judgment are equally worthless.

Void judgments, because they are legally nonexistent, are susceptible to collateral attacks. A collateral attack is an attack, made as an incident in another action, whose purpose is to obtain a different relief. In other words, a party need not file an action to purposely attack a void judgment; he may attack the void judgment as part of some other proceeding. A void judgment or order is a lawless thing, which can be treated as an outlaw and slain at sight, or ignored wherever and whenever it exhibits its head. Thus, it can never become final, and could be assailed at any time.

Nevertheless, this Court has laid down a stiff requirement to collaterally overthrow a judgment. In the case of *Reyes, et al. v. Datu*, We ruled that it is not enough for the party seeking the nullity to show a mistaken or erroneous decision; he must show to the court that the judgment complained of is utterly void. In short, the judgment must be void upon its face.

Supervening events, on the other hand, are circumstances that transpire after the decision's finality rendering the execution of the judgment unjust and inequitable. It includes matters that the parties were not aware of prior to or during the trial because such matters were not yet in existence at the time. In such cases, courts are allowed to suspend execution, admit evidence proving the event or circumstance, and grant relief as the new facts and circumstances warrant.

To successfully stay or stop the execution of a final judgment, the supervening event: (i) must have altered or modified the parties' situation as to render execution inequitable, impossible, or unfair; and (ii) must be established by competent evidence; otherwise, it would become all too easy to frustrate the conclusive effects of a final and immutable judgment.⁴³ (Citations omitted and italics in the original)

⁴³ Id. at 423-425.

Reyes

In the case herein, none of these exceptions exist for the Court to digress from the judgment of the RTC. NAPOCOR's premise that the post-audit qualifies as a supervening event that would bring into operation the non-application of the immutability doctrine, is mistaken. A supervening event, to be sufficient to stay or stop the execution, must alter the execution to become inequitable, impossible, or unfair, and cannot rest on unproved or uncertain facts.⁴⁴ In *Abrigo, et al. v. Flores, et al.*,⁴⁵ the Court said:

We deem it highly relevant to point out that a supervening event is an exception to the execution as a matter of right of a final and immutable judgment rule, only if it directly affects the matter already litigated and settled, or substantially changes the rights or relations of the parties therein as to render the execution unjust, impossible or inequitable. A supervening event consists of facts that transpire *after* the judgment became final and executory, or of new circumstances that develop *after* the judgment attained finality, including matters that the parties were not aware of prior to or during the trial because such matters were not yet in existence at that time. In that event, the interested party may properly seek the stay of execution or the quashal of the writ of execution, or he may move the court to modify or alter the judgment in order to harmonize it with justice and the supervening event. The party who alleges a supervening event to stay the execution should necessarily establish the facts by competent evidence; otherwise, it would become all too easy to frustrate the conclusive effects of a final and immutable judgment.⁴⁶ (Citations omitted and italics in the original)

In this case, the post-audit of the adjudged amount based on the PPA with PPC which provided a formula in the fuel component computable in the billings is irrelevant to the proceedings and cannot be deemed to be a fact that transpired after the judgment became final, as it was already existing. The post-audit concerned itself with the subject amounts already deemed final, and not any amounts that came about through the contemporaneous and/or subsequent actions of the involved parties.

Lastly, the Court highlights the directive in the decision in Civil Case No. 3766. By way of recall, the dispositive portion of the decision reads, to wit:

WHEREFORE, all the foregoing premises considered, judgment is hereby rendered ordering [NAPOCOR] to pay [Delta P] for the electricity off-taken by it from the latter's 16 MW Power Station located at Kilometer 13, Barangay Sta[.] Lourdes, Puerto Princesa City, Palawan from the months of December 25, 2002 to June 25, 2003 under the following invoices, to wit:

⁴⁴ *Abrigo, et al. v. Flores, et al.*, 711 Phil. 251, 253 (2013).

⁴⁵ 711 Phil. 251 (2013).

⁴⁶ Id. at 261-262.

Meyer

	Invoice No.	Invoice Date	Metering Date	Amount
1	2003-001	Jan. 28, 2003	25 Dec '02-25 Jan '03	P16,129,510.32
2	2003-002	Feb. 07, 2003	25 Dec '02-25 Jan '03	9,808,653.03
3	2003-003	Feb. 27, 2003	25 Jan. '03-25 Feb '03	16,583,089.60
4	2003-04	Mar. 10, 2003	25 Jan '03-25 Feb '03	11,607,784.51
5	2003-005	Mar. 29, 2003	25 Feb '03-25 Mar '03	7,612,620.40
6	2003-006	Apr. 30, 2003	25 Mar '03-25 Apr '03	7,336,160.10
7	2003-007	May 30, 2003	25 Feb '03-25 Mar '03	2,787,181.97
8	2003-008	May 30, 2003	25 Apr '03-25 May '03	8,737,988.97
9	2003-009	June 27, 2003	25 May '03-25 June '03	<u>9,991,846.96</u>
				P 90,394,855.86

Less: P 2,450,640.86

for adjustment in billing due to reduction in tariff effective March 9, 2003
for the billing period February 25, 2003 to March 25, 2003.

TOTAL P87,944,215.67

IT IS SO ORDERED

Puerto Princesa City, July 15, 2003⁴⁷

The directive to NAPOCOR is clear. NAPOCOR must pay the judgment amount without any amount subtraction, and without any qualification. In fact, NAPOCOR proceeded to do so. Allowing a post-audit to serve as basis to modify the amount of judgment will open the floodgates for entities to manipulate the amounts they have to pay without any valid reason, and in direct contravention to the judgment findings of the courts.

Delta P was unjustly enriched by NAPOCOR when the latter supplied fuel to Delta P without receiving anything in return.

Despite the foregoing, the Court agrees with the arguments posited by NAPOCOR and finds that the lower courts erred in stating that unjust enrichment is not present in this case. An exception to the general rule that the findings of fact are binding is when the inference of the lower court is manifestly mistaken.⁴⁸ Herein, the Court finds that both the trial court and the CA were manifestly mistaken when they failed to take into consideration the fact that Delta P was enriched without justification due to the fuel supply given by NAPOCOR.

There is unjust enrichment "when a person unjustly retains a benefit to the loss of another, or when a person retains money or property of another against the fundamental principles of justice, equity and good conscience." The principle of unjust enrichment requires two conditions: (1) that a person

⁴⁷ *Rollo*, pp. 163-164.

⁴⁸ *Pascual v. Burgos, et al.*, 776 Phil. 167, 182, citing *Medina v. Mayor Asistio, Jr.*, 269 Phil. 225, 232 (2016).

Meyer

is benefited without a valid basis or justification, and (2) that such benefit is derived at the expense of another.⁴⁹

In the case at bar, the fuel grant, while done unilaterally, was still done without NAPOCOR receiving anything in return, even when Delta P's internal issues were eventually sorted out. NAPOCOR ended up prejudiced by its action especially as there was no legal obligation mandating it to contribute to the woes of Delta P, only the intervention of the local government due to the power crisis in Palawan. There was an appreciable monetary loss on the part of NAPOCOR, despite Delta P's lack of attendant blame, with the end result of Delta P's enrichment being a correlative loss on the books of NAPOCOR.

In Almario v. Philippine Airlines, Inc.:⁵⁰

(Article 22 of the New Civil Code) on unjust enrichment recognizes the principle that one may not enrich himself at the expense of another. An authority on Civil Law writes on the subject, viz[.]:

Enrichment of the defendant consists in every patrimonial, physical, or moral advantage, so long as it is appreciable in money. It may consist of some positive pecuniary value incorporated into the patrimony of the defendant, such as: (1) the enjoyment of a thing belonging to the plaintiff; (2) the benefits from service rendered by the plaintiff to the defendant; (3) the acquisition of a right, whether real or personal; (4) the increase of value of property of the defendant; (5) the improvement of a right of the defendant, such as the acquisition of a right of preference; (6) the recognition of the existence of a right in the defendant; and (7) the improvement of the conditions of life of the defendant.

x x x x

The enrichment of the defendant must have a correlative prejudice, disadvantage, or injury to the plaintiff. This prejudice may consist, not only of the loss of property or the deprivation of its enjoyment, but also of non-payment of compensation for a prestation or service rendered to the defendant without intent to donate on the part of the plaintiff, or the failure to acquire something which the latter would have obtained. The injury to the plaintiff, however, need not be the cause of the enrichment of the defendant. It is enough that there be some relation between them, that the enrichment of the defendant would not have been produced had it not been for the fact from which the injury to the plaintiff is derived. x x x⁵¹
(Citations omitted)

⁴⁹ *Flores v. Spouses Lindo, Jr.*, 664 Phil. 210, 221 (2011).

⁵⁰ 559 Phil. 373 (2007).

⁵¹ Id. at 385.

Meyer

While the *Almario* case states that intent to donate on the part of NAPOCOR, which the Court holds is present despite the former's protestations, may be enough to remove a case from the ambit of the unjust enrichment doctrine, the failure to acquire any compensation even from the local government of Palawan, who had requested that NAPOCOR provide the fuel in the first place, means that there was unjust enrichment on the part of NAPOCOR.

This case presents one of the rare situations where Delta P is unjustly enriched through the voluntary act of the enriching party, NAPOCOR in this case. The Court holds that while the principle of *solutio indebiti*⁵² will not apply as a remedy for NAPOCOR's recovery, as the payment of the fuel costs was not a mistake and NAPOCOR was not able to prove that the requirements for the same have been met,⁵³ NAPOCOR is entitled to recover under the doctrine of unjust enrichment, for the amount it paid to Delta P for the supply of fuel, for the period February 25, 2003 to June 25, 2003.

However, as NAPOCOR failed to properly substantiate the amount of ₱24,449,247.36 it debited as a result of the supplying of fuel, the case is remanded to the trial court in order to determine the exact amount which NAPOCOR spent in the course of supplying fuel to Delta P for the aforementioned time period.

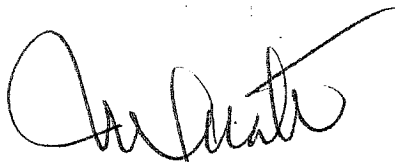
WHEREFORE, the petition for review on *certiorari* is **GRANTED** insofar as respondent Delta P, Inc. is liable to pay the amount corresponding to the fuel it received from petitioner National Power Corporation from February 25, 2003 to June 25, 2003. This case is remanded to the trial court to ascertain the amount to be paid by Delta P, Inc. All other claims of the National Power Corporation are denied for lack of merit.

Reyes
ANDRES B. REYES, JR.
Associate Justice

⁵² The principle of *Solutio Indebiti* is explained by Article 2154 of the Civil Code, which provides that if something is received when there is no right to demand it, and it was unduly delivered through mistake, the obligation to return it arises. There is application of the same when: (1) a payment is made when there exists no binding relation between the payor, who has no duty to pay, and the person who received the payment; and (2) the payment is made through mistake, and not through liberality or some other cause. *Siga-an v. Villanueva*, 596 Phil. 760, 772-773 (2009).

⁵³ *Id.*

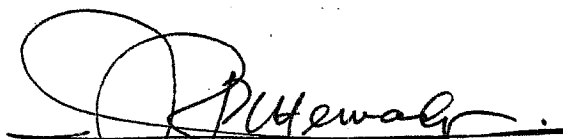
WE CONCUR:



DIOSDADO M. PERALTA
Associate Justice
Chairperson

(On wellness leave)

MARVIC M.V.F. LEONEN
Associate Justice



RAMON PAUL L. HERNANDO
Associate Justice



HENRI JEAN PAUL B. INTING
Associate Justice

ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



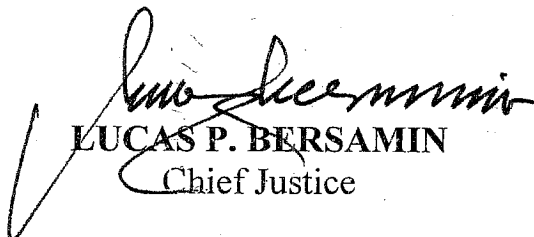
DIOSDADO M. PERALTA
Associate Justice
Chairperson, Third Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

CERTIFIED TRUE COPY

Misael Domingo C. Battung III
MISAELO DOMINGO C. BATTUNG III
Deputy Division Clerk of Court
Third Division



LUCAS P. BERSAMIN
Chief Justice

JAN 16 2020