



MisPDCB-H
MERRYL DE LOS SANTOS C. RAYTONG III
Division Clerk of Court
Third Division

Republic of the Philippines
Supreme Court
Manila

MAR 23 2021

THIRD DIVISION

MANILA ELECTRIC
COMPANY (MERALCO),
Petitioner,

G.R. No. 207429

Present:

- versus -

PERLAS-BERNABE, * J.,
LEONEN,
Chairperson,
HERNANDO,
INTING, and
DELOS SANTOS, JJ.

AAA CRYOGENICS
PHILIPPINES, INC.,
Respondent.

Promulgated:

November 18, 2020

MisPDCB-H

X-----X

DECISION

HERNANDO, J.:

This Petition for Review on *Certiorari*¹ assails the July 23, 2012 Decision² and May 29, 2013 Resolution³ of the Court of Appeals (CA) in CA-G.R. CV No. 89307 which affirmed with modifications the July 6, 2005 Joint Decision⁴ of the Regional Trial Court (RTC), Branch 164 of Pasig City in Civil Case No. 66768, an action for injunction and damages by AAA Cryogenics Philippines, Inc. (AAA), and Civil Case No. 67951, a complaint for collection of sum of money by Manila Electric Company (Meralco).

* Designated as additional member per raffle dated November 11, 2020 vice J. Rosario who penned the assailed Decision of the Court of Appeals.

¹ *Rollo*, pp. 12-34.

² *Id.* at 37-48; penned by Associate Justice Ricardo R. Rosario (now a member of this Court) and concurred in by Associate Justices Jane Aurora C. Lantion and Leoncia Real-Dimagiba.

³ *Id.* at 50-51.

⁴ *CA rollo*, pp. 91-113; penned by Judge Librado S. Correa.

The Antecedents:

The facts, as summarized by the CA, are as follows:

AAA was engaged in the production of liquid forms of gasses, such as liquid oxygen, liquid nitrogen and liquid argon. In the production of these products, the plant facilities of AAA relied on computers and electronic processors that required a very stable source of power, otherwise the whole plant would shut down and freeze up. Every time the plant shut[s] down due to power fluctuation, the purity of the liquid gasses went down, and the plant had to stop production for at least four hours in order to regain the required purity of the gasses. Further, if the plant froze up, it had to be dried out for at least 72 hours without production, and then cooled down again for at least 16 hours before production could resume. A stable source of power was, thus, crucial to AAA's operations.

Between October 1997 and April 1998, AAA's Plant Supervisor reported fluctuations and interruptions in the electrical power supplied by Meralco on the following dates:

Fluctuations	Interruptions
10, 14 & 17 October 1997	11 October 1997
1, 5, 14, 18 & 28 November 1997	13, 14 & 28 November 1997
8 & 12 December 1997	6 & 25 February 1998
9, 12, 23, 24 & 26 February 1998	12, 14, 18 & 23 March 1998
7, 10, 16, 21, 23, 26 & 28 March 1998	
5 April 1998	

As a result of these power fluctuations and interruptions, AAA suffered losses in the amount of P21,092,760.00.

AAA sent several letters informing Meralco of its problems with respect to the supply of power, but Meralco could not remedy the situation, except to advise AAA to install power conditioning equipment in the form of a motor generator set in order to level out the supply of power.

In the meantime, AAA stopped paying its electrical bills until its total accountabilities reached P13,657,141.56. Meralco, thus, disconnected and terminated its service contract with AAA. After deducting AAA's service and meter deposit and applying interest charges, Meralco computed AAA's unpaid bills to amount to P10,453,477.55.

On 23 April 1998, AAA filed an action for Injunction and Damages against Meralco seeking to collect the amount of P21,092,760.00 representing its losses due to power fluctuations and interruptions, among other damages. The case was docketed as Civil Case No. 66768.

On the other hand, on 16 June 2000, Meralco filed an action against AAA for Collection of Sum of Money to collect the sum of P13,657,141.56 representing the latter's unpaid electric bill. This case was docketed as Civil Case No. 67951. The two cases were consolidated on 9 August 2001 since they arose from a single contract and the same set of facts.⁵ (Citations omitted)

⁵ *Rollo*, pp. 38-40.

During trial, AAA presented the Log Sheet Readings of its computers, which contained the exact time and date when the purity of gases fell below the required purity.⁶ According to AAA's plant supervisor Raul D. Cruz, Jr. (Cruz), the fall in the purity of gases indicated the presence of power fluctuations and interruptions.⁷ Further, to prove the amount of actual damages it suffered, AAA submitted two documents: (1) Summary of Production Losses due to Fluctuation;⁸ and (2) Comparative Presentation of Production under Normal Power Supply, Production when there is Power Fluctuation and Quantity in Cubic Meters of Productive Losses due to Power Fluctuation.⁹

To rebut AAA's claim of power fluctuations and interruptions, Meralco presented two Daily Interruption Reports prepared by its personnel, which showed that there were only two power interruptions which occurred during the period in question, as recorded by its computers.¹⁰ Meralco likewise presented expert witnesses who stressed that power interruptions and fluctuations are normal due to the inherent nature of electricity, and thus unavoidable.¹¹

Ruling of the Regional Trial Court:

In its July 6, 2005 Joint Decision,¹² the RTC found Meralco liable for actual damages arising from its failure to deliver constant energy supply to AAA, in breach of its contractual obligation to deliver energy "at reasonably constant potential and frequency" under the Agreement for the Sale of Electric Energy.¹³ The trial court relied on the Log Sheet Readings of AAA's computers as well as the testimony of Cruz that the purity of gases fell during power fluctuations and interruptions.¹⁴ The RTC likewise relied on Meralco's expert witness Mamerto Cañita (Cañita), who affirmed the capability of AAA's computers to accurately record the power fluctuations and interruptions.¹⁵ On the other hand, the RTC found that Meralco failed to provide any concrete explanation as to the root cause of the power fluctuations and interruptions.¹⁶ Its expert witnesses merely attributed the same to the inherent nature of electricity.¹⁷ Thus, the trial court found Meralco liable for the amount of ₱21,092,760.00 representing the production losses suffered by AAA, as shown in the latter's documentary evidence.¹⁸ The RTC likewise held Meralco liable

⁶ Exhibit "P-11 to P-45," Folder of Exhibits, pp. 88-257.

⁷ TSN, September 12, 2000, pp. 15-16.

⁸ Exhibit "L," Folder of Exhibits, p. 38.

⁹ Exhibit "Q," Folder of Exhibits, p. 76.

¹⁰ Records, Vol. II, pp. 495-505. Meralco likewise claimed that only one power fluctuation occurred, but during trial, their witness Edwin Crispino admitted that Meralco does not have a monitor for power fluctuations (TSN, January 16, 2004, pp. 10-11)

¹¹ TSN, September 29, 2001, pp. 7-9; April 19, 2002, pp. 2-4; October 12, 2002, p. 7.

¹² *CA rollo*, pp. 40-62.

¹³ *Id.* at 54-59.

¹⁴ *Id.* at 42-44, 54-56.

¹⁵ *Id.* at 55.

¹⁶ *Id.* at 57.

¹⁷ *Id.*

¹⁸ *Id.* at 59, 61-62.

for exemplary damages amounting to ₱300,000.00 and attorney's fees amounting to ₱200,000.00.¹⁹

As to Meralco's collection claim against AAA, the RTC held AAA liable for its unpaid electricity bills amounting to ₱10,453,477.55, as well as attorney's fees amounting to 20% of the unpaid bills. The RTC further ordered the parties' respective liabilities to be offset.

The dispositive portion of the RTC's Joint Decision reads:

WHEREFORE:

1. In Civil Case No. 66768, the court finds for the plaintiff AAA and hereby orders defendant Meralco to pay:

- a) ₱21,092,760.00 – as actual damages;
- b) ₱300,000.00 – as exemplary damages;
- c) ₱200,000.00 – as and for attorney's fees; and
- d) the cost of suit.

2. Civil Case No. 67951, the court finds for the plaintiff Meralco and hereby orders defendant AAA to pay:

- a) ₱10,453,477.55 – as actual damages with legal interest of six (6%) per cent per annum computed from the filing of this case;
- b) 20% of the aforesaid amount – as attorney's fees; and
- c) the costs.

In addition, AAA may set off the amount demanded by Meralco in payment of its unpaid bills for the period of January to July 1999, in accordance with the law.

SO ORDERED.²⁰

Both parties appealed to the CA, with AAA insisting that it should not be held liable for its unpaid electricity bills, and with Meralco maintaining that aside from the two power interruptions recorded by its computers, the remaining ones reported by AAA did not occur.

Ruling of the Court of Appeals:

In its assailed Decision, the CA affirmed the RTC's July 6, 2005 Joint Decision with modification in that the award of attorney's fees to both parties was deleted for having no factual or legal basis.²¹

¹⁹ Id. at 61-62.

²⁰ Id. at 112-113.

²¹ *Rollo*, p. 47.

As to AAA's appeal, the CA rejected AAA's argument that it should not pay for the electricity delivered by Meralco supposedly since it did not benefit from it, considering that it never raised such defense before the trial court.²² The appellate court held that in any case, Meralco never guaranteed the economic benefit of the electricity it supplied.²³

As to Meralco's appeal, the CA affirmed the RTC's finding as to the occurrence of the power fluctuations and interruptions in the electricity supplied by Meralco, given that AAA's plant was highly automated and purely computerized.²⁴ Similar with the RTC, the CA relied on Cañita's statement that AAA's computers recorded power fluctuations and interruptions accurately.²⁵ Such admission, according to the appellate court, shifted the burden on Meralco to disprove that such power fluctuations and interruptions occurred.²⁶ Unfortunately for the utility company, it was unable to discharge such burden. The CA further held that in any case, given Meralco's January 28, 1998 letter enumerating the steps it intended to take to "minimize if not eliminate power trippings," it practically admitted that such power trippings or interruptions occurred.²⁷ As a result of such power fluctuations and interruptions, the CA held that AAA suffered actual damages as shown in its documentary evidence.²⁸

The CA further affirmed the RTC's grant of exemplary damages as Meralco repeatedly failed to address AAA's concerns.²⁹ It likewise considered that Meralco is a public utility company "tasked to undertake extraordinary diligence in the exercise of its responsibilities to render good service to the public."³⁰

The dispositive portion of the assailed Decision of the appellate court reads:

WHEREFORE, the *Joint Decision*, dated 6 July 2005 of the Regional Trial Court, Branch 164, Pasig City is **AFFIRMED with MODIFICATION** in that the award of attorney's fees to both AAA Cryogenics Philippines, Inc. and Manila Electric Company is **DELETED**.

SO ORDERED.³¹

Meralco moved for a partial reconsideration, which was however denied for lack of merit by the CA in its assailed Resolution.³² AAA no longer moved for the reconsideration of the assailed Decision.

²² Id. at 43.

²³ Id. at 44.

²⁴ Id. at 45.

²⁵ Id.

²⁶ Id.

²⁷ Id. at 45-46.

²⁸ Id. at 46.

²⁹ Id.

³⁰ Id.

³¹ Id. at 47.

³² Id. at 50-51.

The Petition:

Meralco raises the following questions in its Petition:

[1] Whether actual damages may be awarded in the absence of adequate proof of pecuniary loss[;]

[2] Whether exemplary damages may be awarded in the absence of proof that defendant acted in a wanton, fraudulent, reckless, oppressive and malevolent manner; and

[3] Whether attorney's fees may still be deleted even if it is adequately shown that claimant was compelled to litigate with third persons or incur expenses to protect his interest by reason of an unjustified act or omission on the part of the party from whom it is sought.³³

As to the first question, Meralco argues that AAA failed to prove the occurrence of the power fluctuations and interruptions, and that the same were caused by Meralco.³⁴ According to the energy firm, the Log Sheet Readings which served as basis of the RTC's finding that there were power interruptions and fluctuation, do not prove the occurrence of the same since the readings merely pertained to the purity of AAA's gas products, not recordings of power fluctuations or interruptions.³⁵ As to Cañita's supposed admission of the accuracy of AAA's computers, Meralco claimed that Cañita's answer was merely a general answer to the question of whether computers can accurately record power fluctuations and interruptions, without specific reference to AAA's computers.³⁶ Further, according to Meralco, unlike AAA which was unable to prove the capability of its computers to record power fluctuations and interruptions, Meralco's highly specialized computer, the Supervisory Control And Data Acquisition (SCADA) monitor, can specifically record power fluctuations and interruptions.³⁷ And, according to the SCADA monitor, there were only two interruptions during the period in question, both of which were caused by an "act of God and/or breakdown or damage to the machinery or distribution of the Company," and for which Meralco should not be held liable for.³⁸ Meralco posits that in any case, there was no sufficient evidence that AAA suffered actual damages since the documents submitted by AAA to prove its alleged production losses were a product of mere estimation.³⁹

³³ *Id.* at 19.

³⁴ *Id.* at 20-21.

³⁵ *Id.* at 21-23.

³⁶ *Id.* at 24.

³⁷ *Id.* at 25.

³⁸ *Id.* at 26-27.

³⁹ *Id.* at 28.

Moreover, Meralco contends that there was no evidence of fraud, bad faith, or wanton disregard of its contractual obligations to warrant the RTC's award of exemplary damages.⁴⁰ In addition, Meralco argues that it is entitled to attorney's fees in view of AAA's unjustified refusal to pay its bills.⁴¹

In its Comment,⁴² AAA points out that the Petition did not raise "special and important reasons" for its allowance.⁴³ Further, it raised only questions of facts which are not proper in a Rule 45 petition.⁴⁴ As to the power fluctuations and interruptions, AAA argues that its occurrence was adequately supported by evidence, as reflected in the RTC's July 6, 2005 Joint Decision, and which finding was significantly affirmed by the CA.⁴⁵ As to the award of exemplary damages, AAA avers that it was proper considering Meralco's wanton disregard of its responsibilities.⁴⁶ As to the attorney's fees, AAA maintains that its deletion was likewise proper since its failure to pay its electricity bills was caused by the liquidity problems it experienced due to the power fluctuations and interruptions.⁴⁷

In its Reply,⁴⁸ Meralco argues that the Court may resolve questions of fact raised in a Rule 45 petition under the exceptions to the general rule, which exceptions were supposedly present in the instant case.⁴⁹ Thus, it insists that apart from the two power interruptions it recorded, the remaining power fluctuations and interruptions claimed by AAA never occurred.⁵⁰ Further, it emphasized that no other Meralco customer in the area had come forward and claimed liability against Meralco.⁵¹

Issues

The issues in this case are (1) whether the power fluctuations and interruptions occurred and were caused by Meralco; (2) whether Meralco is liable for exemplary damages; and (3) whether Meralco is entitled to attorney's fees.

Our Ruling

The Petition is partly meritorious.

⁴⁰ Id. at 29-30.

⁴¹ Id. at 30-31.

⁴² Id. at 105-116.

⁴³ Id. at 105.

⁴⁴ Id. at 109-110, 112.

⁴⁵ Id. at 110-111.

⁴⁶ Id. at 113.

⁴⁷ Id. at 114.

⁴⁸ Id. at 124-144.

⁴⁹ Id. at 124-125.

⁵⁰ Id. at 125-132.

⁵¹ Id. at 138.

The Petition raises a question of fact.

A cursory reading of the Petition reveals that it primarily raises a question of fact, which is inappropriate in a Rule 45 petition. The Court's jurisdiction in a Rule 45 petition is limited to the review of questions of law⁵² because the Court is not a trier of facts.⁵³ The rule however admits of exceptions:

(1) When the findings are grounded entirely on speculations, surmises, or conjectures; (2) when the inference made is manifestly mistaken, absurd, or impossible; (3) when there is a grave abuse of discretion; (4) when the judgment is based on misappreciation of facts; (5) when the findings of fact are conflicting; (6) when in making its findings, the same are contrary to the admissions of both appellant and appellee; (7) when the findings are contrary to those of the trial court; (8) when the findings are conclusions without citation of specific evidence on which they are based; (9) when the facts set forth in the petition as well as in the petitioner's main and reply briefs are not disputed by the respondent; and (10) when the findings of fact are premised on the supposed absence of evidence and contradicted by the evidence on record.⁵⁴ (Emphasis supplied)

We find that the circumstances in the instant case warrant the application of the exception rather than the general rule, as will be hereinafter discussed.

The occurrence of the power fluctuations and interruptions is well-supported by evidence.

An assiduous review of the records shows that the RTC's finding of the occurrence of the power fluctuations and interruptions is well-supported by evidence. Such finding is based on the testimony of Cruz, who explained in detail AAA's production processes, and how the purity of gases falls short of the required level of purity in cases of power fluctuations and interruptions in Meralco's supply of electricity.⁵⁵ Such fall in the unsullied state of gases is shown in the computer printouts of the Log Sheet Readings, which accurately record the exact date and time when such fall occurs. Thus, while Meralco is correct that the Log Sheet Readings pertain to the purity of gases, and not to the power fluctuations and interruptions *per se*, it is wrong to conclude that the RTC's finding of its occurrence has no basis. On the contrary, We find that such finding is adequately supported not only by the testimony of Cruz, but also by Meralco's conduct itself.

⁵² RULES OF COURT, Rule 45, Sec. 1. It reads:

SECTION 1. *Filing of petition with Supreme Court.* — A party desiring to appeal by *certiorari* from a judgment or final order or resolution of the Court of Appeals, the Sandiganbayan, the Regional Trial Court or other courts whenever authorized by law, may file with the Supreme Court a verified petition for review on *certiorari*. The petition shall raise only questions of law which must be distinctly set forth. (Emphasis supplied)

⁵³ *General Mariano Alvarez Services Cooperative, Inc. v. National Housing Authority*, 753 Phil. 353, 359 (2015).

⁵⁴ *Laborte v. Pagsanjan Tourism Consumers' Cooperative*, 724 Phil. 434 (2014), citing *Vitarich Corporation v. Losin*, 649 Phil. 164-181 (2010).

⁵⁵ See TSN, September 12, 2000, pp. 6-28.

First, in its November 19, 1997 letter to AAA's complaint of power fluctuations and interruptions, Meralco responded by enumerating the measures that AAA should undertake to "minimize the transient interruptions," including making "recommendations to minimize interruption."⁵⁶ It even assured AAA of a "better power supply" once a new substation is installed near AAA's plant.⁵⁷ *Second*, in its January 28, 1998 letter, Meralco reiterated its "steps to minimize if not eliminate power trippings of circuit," including conducting a "continuous line rehabilitation program," among others.⁵⁸ *Third*, in the testimonies of Meralco's expert witnesses, they consistently emphasized that power fluctuations and interruptions are normal due to the inherent nature of energy.⁵⁹ Taken altogether, these pieces of evidence persuade Us to believe that indeed, the power fluctuations and interruptions occurred, and that the same were caused by the energy provider, Meralco.

Further, while it may be true that no other Meralco customer had come forward with a similar complaint, it cannot be denied that during that time, news of widespread power fluctuations and interruptions was published in the Manila Bulletin on September 14, 1997, with headline "*Laguna firms hit power fluctuations*."⁶⁰ The report stated that about 30 firms in Calamba, Laguna, where AAA's plant was located, have experienced "frequent brownouts or fluctuating power voltage of the Manila Electric Co. (MERALCO) which they claimed had resulted to big losses involving millions of pesos in their operations."⁶¹ The report further stated that "[o]fficials of the Manila Electric Co. have been reported to have said that the company's problem is that it [was] still using old transmission lines which are not capable of transmitting the required heavy voltage in the area x x x."⁶²

Even with the foregoing evidence, however, Meralco still insists in its Petition that aside from the two power interruptions it recorded, the remaining ones reported by AAA never occurred based on the data recorded by the SCADA monitor. However, it is not lost on Us that Meralco never presented any data or document coming directly from the SCADA monitor. Meralco merely presented the Daily Interruption Reports prepared by its personnel, which they claimed to be based on the data from the SCADA monitor. If indeed the SCADA monitor did not record any power fluctuations or interruptions, Meralco could have easily presented such data coming directly from the SCADA, much like what AAA did through its computers. That way, it could have disproved each and every power fluctuation and interruption recorded by AAA's computers. Instead, Meralco chose to present only the two Daily Interruption Reports, which notably reflected the same power interruptions recorded by AAA's computers on November 13, 1997 and November 18, 1997.

⁵⁶ Exhibit "B," Folder of Exhibits, p. 21.

⁵⁷ *Id.*

⁵⁸ Exhibit "I," Folder of Exhibits, p. 35.

⁵⁹ TSN, September 29, 2001, pp. 7-9; April 19, 2002, pp. 2-4; October 12, 2002, p. 7.

⁶⁰ Exhibit "N," Folder of Exhibits, p. 41.

⁶¹ *Id.*

⁶² *Id.*

As to Cañita's supposed admission of the accuracy of AAA's computers to record power fluctuations and interruptions, We agree with Meralco that he was referring to computers in general. This is readily observable from his testimony:

- Q: Residential houses require only 220 volts. Now, before you testified before this Honorable Court, did you try to examine the exhibits presented by the plaintiff here, Computer Print-outs indicating fluctuations and interruptions?
- A: No, sir.
- Q: **You must know as a computer literate that computers record accurately fluctuations and interruptions?**
- A: **Yes, sir.**⁶³ (Emphasis supplied)

Nevertheless, this does not detract from all the evidence supporting the occurrence of the power fluctuations and interruptions in Meralco's supply of energy.

At this point, We stress that the Court has always accorded great weight and respect to the factual findings of trial courts, especially in their assessment of the credibility of witnesses.⁶⁴ Their findings are even binding when affirmed by the CA.⁶⁵ We do not find any reason to deviate from this doctrine specifically on the issue of the occurrence of the power fluctuations and interruptions.

AAA was unable to prove with reasonable degree of certainty the amount of actual damages it suffered.

Despite the occurrence of the power fluctuations and interruptions in the electricity delivered by Meralco, however, We find that AAA was unable to prove with a reasonable degree of certainty the amount of actual damages it suffered.

Under Article 2199 of the Civil Code, "[e]xcept as provided by law or by stipulation, one is entitled to an adequate compensation only for such pecuniary loss suffered by [them] as [they have] duly proved." Jurisprudence instructs that "[t]he claimant must prove the actual amount of loss with a **reasonable degree of certainty premised upon competent proof and on the best evidence obtainable.**"⁶⁶

⁶³ TSN, November 22, 2002, p. 12.

⁶⁴ *Rapio v. Court of Appeals*, G.R. No. 238096, June 25, 2018, citing *People v. Delen*, 733 Phil. 321-338 (2014).

⁶⁵ *Id.*

⁶⁶ *Snow Mountain Dairy Corp. v. GMA Veterans Force, Inc.*, 747 Phil. 417-427 (2014), citing *Filipinas Synthetic Fiber Corp. v. De los Santos*, 661 Phil. 99-114 (2011). Emphasis supplied.

Here, to establish the amount of actual damages it suffered, AAA offered in evidence two documents: (1) Summary of Production Losses due to Fluctuation; and (2) Comparative Presentation of Production under Normal Power Supply, Production when there is Power Fluctuation and Quantity in Cubic Meters of Productive Losses due to Power Fluctuation. **However, the basis and source of these documents were never presented in court, and neither were they testified to by any witness of AAA.** While the first document contains information on the quantity of unproduced gases by AAA, as well as their selling price, **there is no indication as to where these figures were based or how they were derived. There is likewise no receipt nor any supporting document offered in court to support such figures.** The same is true for the second document, which lacks information as to the source or basis of the figures under "Production Under Normal Power Supply." Without these information, the resulting figures may very well be a product of speculation or sheer estimation. We therefore cannot allow AAA to recover the amount of ₱21,092,760.00 without running afoul of the well-established doctrine that the amount of actual damages must be proved with a reasonable degree of certainty.

Nevertheless, Meralco cannot escape liability for this sole reason. Under Article 2224 of the Civil Code, "[t]emperate or moderate damages, which are more than nominal but less than compensatory damages, may be recovered when the court finds that some pecuniary loss has been suffered but its amount cannot, from the nature of the case, be provided with certainty." In *Universal International Investment (BVI) Limited v. Ray Burton Development Corporation*,⁶⁷ We summarized the parameters in determining the amount of temperate damages:

The calculation of temperate damages is usually left to the sound discretion of the courts. We observe the limit that in giving recompense, the amount must be reasonable, bearing in mind that the same should be more than nominal, but less than compensatory. In jurisprudence, this Court has pegged temperate damages to an amount equivalent to a certain percentage of the actual damages claimed by the injured party.⁶⁸ (Citations omitted)

Given the foregoing circumstances, We find three-fourths of AAA's claim, or ₱15,819,570.00, to be in order.

Additionally, it should be pointed out that Meralco's argument that it should not be held liable for the power interruptions on November 13, 1997 and November 28, 1997, as well as the power fluctuation on November 18, 1997, lacks merit. This is because Meralco failed to provide any concrete proof of the cause of the power interruptions and fluctuation.⁶⁹

The award of exemplary damages and the deletion of

⁶⁷ 799 Phil. 420 (2016).

⁶⁸ Id. at 444.

⁶⁹ See TSN, January 14, 2002, p. 2; October 25, 2002, p. 6; November 22, 2002, p. 16; January 16, 2004, pp. 9-11.

attorney's fees have factual and legal basis.

As to the grant of exemplary damages, We find that the same was properly awarded by the CA. The records show that despite Meralco's repeated assurance of better electric supply, and despite knowledge of the serious production losses experienced by AAA due to the power fluctuations and interruptions, it still failed to provide any remedy, in wanton disregard of its contractual obligation to deliver energy "at reasonably constant potential and frequency."⁷⁰ As a public utility vested with vital public interest, Meralco should be reminded of its "obligation to discharge its functions with utmost care and diligence."⁷¹

Finally, as to the CA's deletion of attorney's fees, We see no reason to disturb the same. Jurisprudence instructs that "the award of attorney's fees is an exception rather than the general rule; thus, there must be **compelling legal reason** to bring the case within the exceptions provided under Article 2208 of the Civil Code to justify the award."⁷² We simply find no compelling legal reason here.

All told, We find Meralco liable for the power fluctuations and interruptions experienced by AAA. Nevertheless, for AAA's failure to establish with reasonable certainty the amount of actual damages it suffered, no actual damages can be awarded. Instead, AAA is entitled to ₱15,819,570.00 as temperate damages. This award shall bear interest at the rate of six percent (6%) per *annum* from date of finality of this Decision until fully paid pursuant to prevailing jurisprudence.


WHEREFORE, the assailed Decision is hereby **AFFIRMED with MODIFICATION** in that the award of actual damages amounting to ₱21,092,760.00 is **DELETED**. In lieu thereof, and in addition to the Court of Appeals' award of exemplary damages amounting to ₱300,000.00, Manila Electric Company is further **ORDERED to PAY** AAA Cryogenics Philippines, Inc. temperate damages amounting to ₱15,819,570.00. All monetary awards shall earn interest at the legal rate of six percent (6%) per *annum* from the date of finality of this Decision until fully paid.

⁷⁰ See Exhibit "R," Folder of Exhibits, p. 77.

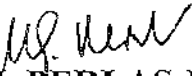
⁷¹ *Ridjo Tape & Chemical Corp. v. Court of Appeals*, 350 Phil. 184, 194 (1998).

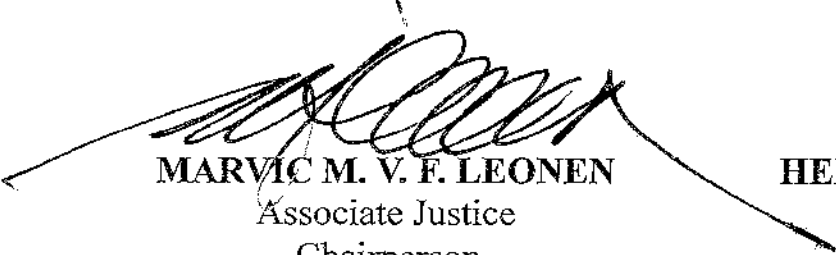
⁷² *Philippine National Construction Corp. v. APAC Marketing Corp.*, 710 Phil. 389 (2013), citing *Espino v. Spouses Bulut*, 664 Phil. 702 (2011). Emphasis supplied.

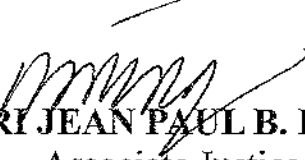
SO ORDERED.



RAMON PAUL L. HERNANDO
Associate Justice

WE CONCUR:


ESTELA M. PERLAS-BERNABE
Senior Associate Justice

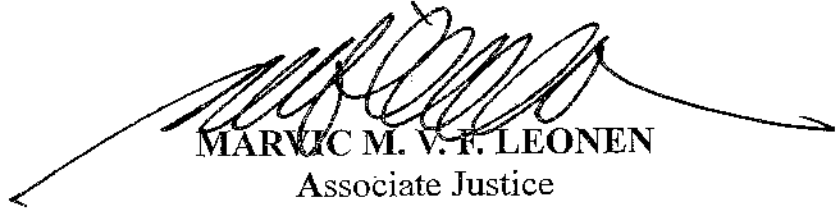

MARVIC M. V. F. LEONEN
Associate Justice
Chairperson


HENRI JEAN PAUL B. INTING
Associate Justice


EDGARDO L. DELOS SANTOS
Associate Justice

ATTESTATION

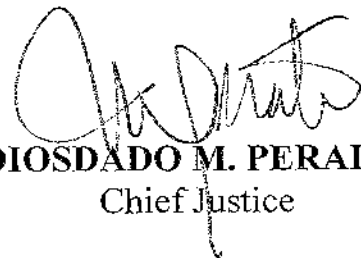
I attest that conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



MARVIC M. V. F. LEONEN
Associate Justice
Chairperson

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.



DIOSDADO M. PERALTA
Chief Justice

CERTIFIED TRUE COPY

Mis. D. C. Bell
MIS. D. C. BELL
Division Clerk of Court
Third Division

MAR 23 2021