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motion, specially considering that it was for allowance of claim for taxes due from the estate, which in effect represents a claim of the people at large, the only reason given for the denial that the claim was filed out of the previously limited period, sustaining thereby private respondents' contention, erroneously as has been demonstrated.

WHEREFORE, the order appealed from is reversed. Since the Tax Commissioner's assessment in the total amount of ₱3,254.80 with 5% surcharge and 1% monthly interest as provided in the Tax Code is a final one and the respondent estate's sole defense of prescription has been herein overruled, the Motion for Allowance of Claim is herein granted and respondent estate is ordered to pay and discharge the same, subject only to the limitation of the interest collectible thereon as provided by the Tax Code. No pronouncement as to costs.

SO ORDERED.

Teehankee (Chairman), Makasiar, Fernandez, Guerrero, and *Melencio Herrera, JJ.*, concur.

FIRST DIVISION

[G.R. Nos. L-32097-98. March 30, 1979]

CITY OF LAOAG and MUNICIPALITY OF SAN NICOLAS, ILOCOS NORTE, *petitioners, vs.* **THE PUBLIC SERVICE COMMISSION and ILOCOS NORTE ELECTRIC COMPANY, INC.,** *respondents.*

SYLLABUS

1. REMEDIAL LAW; CIVIL PROCEDURE; APPEALS; FINDINGS OF FACT OF PUBLIC SERVICE COMMISSION, UPHELD.—

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Here the petition for review disputes merely the sufficiency of the evidence, the findings cannot be disturbed. It is not for the Supreme Court. to determine credibility and preponderance of proof nor to examine the proof *de novo* and determine for itself whether or not the preponderance of evidence really justifies the decision. It is not to substitute its discretion for that of the Public Service Commission on questions of fact.

2. **CIVIL LAW; COMPROMISE AGREEMENT; EFFECT OF FAILURE TO QUESTION AGREEMENT.** — Where the parties have not raised any complaint or question against the terms set forth in the compromise agreement, they should be deemed to be satisfied with, and that they find no legal objection to, the said agreement.

3. **ID.; ID.; NATURE.** — The nature of a compromise agreement is that it "supersedes all agreements and proceedings that had previously taken place and constitute a final and definite settlement of the controversies by and between the parties. . . . The purpose of a compromise agreement is precisely to replace and terminate controverted claims. (Art. 2028, Civil Code).

4. **REMEDIAL LAW; SPECIAL CIVIL ACTIONS; *CERTIORARI*; MAY BE DISMISSED DUE TO COMPROMISE AGREEMENT.** — A petition for certiorari may be dismissed in view of the compromise agreement entered into by the parties since the agreement renders the petition moot and academic.

5. **ID.; CIVIL PROCEDURE; JUDGMENT; NOTICE TO PARTIES; WHEN SUBSTANTIALLY COMPLIED.** — Although the decision of the Public Service Commission sent to counsel by registered mail, was returned unclaimed because counsel had moved to another office address without filing a timely notice of change of address, the requirement as to notice is substantially complied with where counsel actually obtained a copy of the decision from the Secretary of the Public Service Commission and on the basis of said copy he prepared and filed a motion for reconsideration.

6. **ID.; ID.; APPEALS; PERIOD OF APPEAL FROM THE PUBLIC SERVICE COMMISSION; RULE.** — Section 34 of the Public Service Act (CA No. 146, as amended) provides that a motion for reconsideration of any order, ruling or decision of the Public Service Commission must be filed not later than fifteen days after the notice of such order, ruling or decision. And Section

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36 thereof also provides that any order, ruling or decision of said Commission may be appealed by way of a petition for review filed with the Supreme Court within a period of thirty (30) days from notification of such order, ruling or decision.

7. **ID.; ID.; ID.; PERIOD FOR APPEAL IS JURISDICTIONAL.** — Where the motion for reconsideration of the decision of the Public Service Commission was filed out of the 15-day reglementary period, and no appeal by way of petition for review pursuant to Section 36 of the Public Service Act was filed with the Supreme Court within (30) days from receipt of said decision, said decision became final by operation of law since the perfection of appeal within the period prescribed by law is jurisdictional.

APPEARANCES OF COUNSEL

Salva, Carballo & Associates for petitioners.
Benjamin S. Somera for private respondents.

D E C I S I O N

DE CASTRO, *J.*:

This is a petition for review filed by petitioners herein, City of Laoag and Municipality of San Nicolas, Province of Ilocos Norte, seeking the reversal of the decision of the Public Service Commission, herein referred to as PSC, rendered in Cases Nos. 66497 and 66-4893, dated April 17, 1968, authorizing the Ilocos Norte Electric Company, Inc. (INELCO for short) to charge its authorized rates as reduced by 5% effective January 1, 1960 in accordance with the order of January 1, 1960, plus the voluntary reduction of 3% made by applicant INELCO, effective January 1, 1963, or a total reduction of 8%, aside from reductions in the *municipal and street lighting presently enjoyed by the local* governments of Laoag City and San Nicolas municipality.

INELCO has for several years maintained and operated the electric light, heat and power services in the City of Laoag and the municipality of San Nicolas, Ilocos Norte under and by virtue of certificate of public convenience and necessity granted

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by the PSC and renewed by Republic Act No. 3853, approved on June 21, 1963. Before January 1, 1960, the consuming public and the petitioners had been protesting against INELCO's alleged inefficient management and inadequate supply of electric power in Laoag City and San Nicolas, Ilocos Norte specially the low voltage and constant brown-outs, coupled with the high and exorbitant prices and rates being charged. In view of these protests, and after exchanges of opinions in public hearings held by the Municipal Council of Laoag, wherein all parties interested were present, INELCO reduced its rates to the extent of 5% effective January 1, 1960 except street lightings of petitioners which enjoyed 20% reduction. This reduction was approved by the PSC in an order dated January 21, 1960 but upon the instance of the Municipal Council of Laoag, the reduction of 5% was made to retroact since August 1959 as embodied in the order of the PSC dated June 23, 1960. INELCO asked for a reconsideration of this order so that the 5% reduction be made effective only as of January 1, 1960. The request for reconsideration was pending when the PSC, during the hearing held on December 7, 1962, directed the parties to meet and agree among themselves and to submit an amicable settlement if possible.

On December 17, 1962, the Municipal Council of Laoag filed with the PSC their Resolution No. 476 wherein after hearing, the opinions and manifestations of parties interested on proposed rates for the supply of electric power were adopted, and that a committee was constituted so that these proposed rates be accepted by INELCO and submitted for approval by the PSC. Said rates as proposed were as follows:

"PROPOSED RATES OF THE ILOCOS NORTE ELECTRIC COMPANY

12 HOUR SERVICE

FLAT RATES

PROPOSED RATES:

Flat Rates	12 hour service
20 watts	₱1.50 per month
25 watts	2.00 per month

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40 watts	This we do not propose for there is no bulb with this size
50 watts	₱4.50 per month
60 watts	We do not propose on this for there is no bulb with this size
75 watts	₱3.75 per month
80 watts	We do not propose on this for there is no bulb with this size
100 watts	₱4.00 per month
150 watts	₱5.50 per month
200 watts	₱7.50 per month

MUNICIPAL STREET LIGHTINGS MUST GO ON WITH THE 20% DEDUCTION.

PROPOSED RATES FOR METER RATES:

24 Hour Service (Residential)

For the first 30 kwh per month	₱.25 centavos per kwh
For the next 20 kwh per month	.20 centavos per kwh
For all over 100 kwh per month	.17 centavos per kwh

MINIMUM CHARGE: — ₱3.50 per month (13 kwh) for a connection of 220 watts or less, plus ₱0.01 per watt per month for a conversion in excess of 250 watts." (pp. 4-5, *Rollo*).

On June 5, 1963, when the case was called for hearing, the matter as to whether or not an amicable settlement between the petitioners and the respondent INELCO was arrived at, was raised by the PSC. INELCO alleged that there was an agreement entered into by it and the respective Mayors of Laoag City and San Nicolas, Ilocos Norte, whereby the rates charged by the INELCO be reduced to a total of eight (8%) per cent, but the validity of said agreement was questioned by the petitioners on the ground that said contract was never approved by their respective Councils.

In its order dated June 5, 1963, the Public Service Commission set the case for hearing. When the case was heard on March 17, 1964, the PSC gave the petitioners all opportunity to file,

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as they did file, an opposition dated May 25, 1964 alleging specific affirmative matters in support of their prayer that the rates and charges collected by INELCO be reduced to the proposed rates contained in the above mentioned Resolution No. 476 of the Municipal Council of Laoag City, and that INELCO be required to render a more efficient and satisfactory service to consumers in accordance with rules and regulations of the PSC.

On February 3, 1965, the petitioners filed a Motion for Authority to examine Books of Accounts of Applicant, INELCO. Such motion was granted by the PSC. INELCO then filed a motion for reconsideration from PSC's order granting the motion to examine books of accounts. PSC issued an order dated June 9, 1965 directing that the examination of books of accounts of INELCO be conducted by a committee of three (3), consisting of a representative from GAO as chairman, one representative from INELCO and the other one from the opposition as members, to be designated by said parties respectively.

The Auditor General submitted to the Public Service Commission, through his letter dated July 18, 1966 the report dated June 30, 1966 of the Audit and Examination Committee.

On April 17, 1968, the Public Service Commission rendered its decision stating:

"The records and evidence show that applicant has implemented the 5% reduction of its rates effective January 1, 1960 in accordance with the order of Commission dated January 1, 1960; that in no alternative to the motion of oppositors that the effective date of the 5% reduction be made retroactive to August 1, 1959, INELCO voluntarily reduced its rates by 3% effective January 1, 1963 as agreed upon with the Municipal Mayors of Laoag and San Nicolas, Ilocos Norte; that to make the reduction retroactive to August 1, 1959, INELCO will suffer serious dislocation in its finances which may impair the operation of the electric service and be detrimental to the public interest. INELCO further states that subsequent to the audit of its accounts, due to the implementation of the minimum wage law which will entail an additional outlay in salaries of ₱25,620.00, the increase cost of fuel which will raise its fuel and oil expense by about ₱3,000.00 yearly, and the increasing cost of materials, supplies and various spare parts necessary to keep the power plants in satisfactory

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and efficient conditions; that the company has not been reached by the lines of the National Power Corporation; that as per audit report, INELCO made a net profit of only ₱4,952.88 on an invested capital of ₱189,423.71; and that the excess in power losses suffered by the company which theoretically reduced its operating expenses in the projected improvement in its distribution and transmission lines to be financed from its increased capitalization and from bank borrowings."

xxx xxx xxx

"Upon consideration of all the foregoing, the Commission believes that applicant may be as it is hereby AUTHORIZED to continue charging its present authorized rates as reduced by 5% effective January 1, 1960 in accordance with the order of January 21, 1960 plus the voluntary reduction of 3% made by INELCO effective January 1, 1963 or a total reduction of 8% in all, aside from the reduction in the Municipal and street lighting presently enjoyed by local governments of Laoag and San Nicolas." (pp. 27-28, *Rollo*).

On May 30, 1968 counsel for the petitioners got a xerox copy of said decision. Later, on June 18, 1968, petitioners filed motion for reconsideration with the PSC which was denied on May 21, 1970. Hence, the petitioners filed a petition for review with this Court on June 18, 1970, making the following assignments of error:

1. RESPONDENT PUBLIC SERVICE COMMISSION ERRED IN SUSTAINING THE EXORBITANT RATES CHARGED BY RESPONDENT PUBLIC UTILITY DESPITE THE LATTER'S DEFICIENT, POOR AND UNSATISFACTORY SERVICE AND IN DISREGARDING THE REDUCED RATES PROPOSED BY PETITIONERS.

2. RESPONDENT PUBLIC SERVICE COMMISSION ERRED IN HOLDING THAT RESPONDENT INELCO IS RENDERING EFFICIENT AND SATISFACTORY SERVICE NOTWITHSTANDING FACTS AND PROOFS TO THE CONTRARY.

The above assignments of error raise purely questions of fact and call for a review of the evidence considered by the PSC in arriving at its decision. This Court has consistently ruled

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that "where the petition for review disputes merely the sufficiency of the evidence the findings cannot be disturbed. It is not for this Court to determine credibility and preponderance of proof nor to examine the proof *de novo* and determine for itself whether or not the preponderance of evidence really justifies the decision. It is not to substitute its discretion for that of the PSC on questions of fact." (*City of Tagbilaran vs. Lim*, L-30323, August 31, 1973, 52 SCRA 381; *Ledesma vs. PSC, et al.*, L-26900, February 27, 1970, 31 SCRA 805, 809-810). In the light of the above ruling, this Court has found no reason to disturb the findings of fact made by PSC.

The issue of whether or not the respondent PSC erred in sustaining the exorbitant rates charged by INELCO despite the latter's deficient, poor and unsatisfactory service and in disregarding the reduced rates proposed by petitioners, has already been rendered moot and academic by the incidents which transpired subsequent to the filing of this petition. It appears that during the pendency of the present petition for review, the City of Laoag, the Province of Ilocos Norte (which includes the Municipality of San Nicolas) and Engineer Dominador Siazon, essentially the same parties as in the present petition for review, filed with the PSC on April 1, 1971 under case No. 71-2390 a petition for reduction of the respondent company's electrical rates. Over INELCO's objection involving the present petition for review, the PSC gave due course to the petition in PSC case No. 71-2390 for reduction of rates in accordance with the ruling of the Supreme Court in the case of *Raymundo Transportation Co. v. Tanay Transit Co.*, 63 Phil. 1064, that the commission is not a judicial body and its findings and orders are not *res judicata* with respect to future proceedings. (p. 174, *Rollo*).

The proceedings in PSC Case No. 71-2390 included: (a) a series of hearings by the commission; (b) two GAO rate audits: one covering the period January 1 to December 31, 1970, and the other a recomputation of the audit for the same year on the assumption that the respondent company would be totally purchasing its power requirement from the National Power Corporation; and (c) two compromise agreements between the parties. (p. 174, *Rollo*).

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On September 20, 1971, the parties, City of Laoag and Province of Ilocos Norte (including San Nicolas) and INELCO entered into a compromise agreement in accordance with which PSC in its decision dated December 1, 1971 revised the rates, and directed INELCO to file an application for approval of commercial and industrial rates within 30 days from receipt thereof since the compromise agreement did not provide for rate schedules specifically for commercial and industrial users.

INELCO moved to reconsider the portion of the decision that directed it to file an application for approval of commercial and industrial rates. In the course of the reconsideration, however, the parties submitted their second compromise agreement which was approved by the Commission *en banc* in its order of April 24, 1972 in PSC case No. 71-2390. This *en banc* order of April 24, 1972 adjudicated with finality the petition for rate reduction in PSC case No. 71-2390, superseding the rate decision of December 1, 1971 in the same case.

The schedule of rates subject of the Compromise Agreement entered into by the parties as approved by the Commission in its order dated April 24, 1972 is as follows:

Schedule A

FLAT RATES

Hour of Service — 6:00 P.M. to 6:00 A.M.

20	Watts	. . . . .	₱2.50
25	"	. . . . .	3.00
40	"	. . . . .	4.00
50	"	. . . . .	5.00
60	"	. . . . .	6.00
75	"	. . . . .	7.50
80	"	. . . . .	8.00
100	"	. . . . .	9.00
150	"	. . . . .	13.00
200	"	. . . . .	17.00

Schedule B

STREET (NATIONAL, PROVINCIAL AND/OR MUNICIPAL) AND PLAZA LIGHTINGS

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Hours of Service — 6:00 P.M. to 6:00 A.M. Rates — same as for those in Rate A, Flat Rates, except a discount of thirty percent (30%) is Applicable

Schedule C

METERED RATES

Hours of Service — continuous

For the first 15 kwh per month at	₱0.30
For the next 35 " " " "	0.27
" " " 50 " " " "	.22
" " " 100 " " " "	.20
For all over 200 " " " "	.18

Plus ₱0.0125/kwhr for every ₱0.01 kwhr that NPC will increase rates over present NPC rates.

MINIMUM CHARGE:

₱4.50 per month for connection of 200 watts or less plus ₱0.01 per watt per month for connection in excess of 200 watts.

Schedule D

TEMPORARY LIGHTING

₱0.01 per watt per night
Minimum Charge — ₱1.00" (pp. 157-158, *Rollo*)

On June 13, 1972, this Court resolved: "(a) to require the parties to COMMENT within 10 days from notice, on the order *en banc* of the Public Service Commission dated April 24, 1972 unanimously approving a compromise agreement entered into between the City of Laoag and Ilocos Norte Electric Co. Inc.; and (b) to require the parties to STATE within the same period of time, whether this case has been rendered moot and academic by the aforesaid order of the Public Service Commission." (p. 166, *Rollo*).

On August 4, 1972, petitioner's counsel, pursuant to the aforestated resolution filed a Manifestation and Motion with this Court whereby he manifested that he was not aware of the compromise agreement entered into between the City of Laoag and INELCO; that he did not intervene in any proceeding

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before the PSC on account of which said compromise agreement was reached; that he was not in a position to comment on the compromise agreement, nor in a position to express and opinion as to whether or not the present case has been rendered moot and academic by the aforesaid order of the PSC; and that he requested that he be furnished a copy of the said compromise agreement. (pp. 169-170, *Rollo*).

Public Service Commission, on the other hand, filed its COMMENT dated August 7, 1972 stating:

"(6) x x x the rates as finally approved in the PSC's order of April 24, 1972 *are actually lower than the rates approved in the decision of December 2, 1971 and even lower than the rates sought to be reviewed in the present petition for review.* The petitioners themselves by their own act of proposing the approval of these rates in their last compromise agreement with the respondent, INELCO had in effect acknowledged that these rates so approved by the Commission are just and reasonable.

For all the foregoing, our conclusion is that the *en banc* order of the Commission in PSC case no. 71-2390 validly rendered moot and academic the petition for review in the present case." (pp. 175-176, *Rollo*).

Respondent INELCO, in its manifestation dated September 20, 1972 filed with this Court, manifested that it concurred with the observations and conclusions set forth in the comment submitted by PSC, and that it adopted the said comment as its own." (p. 190, *Rollo*).

After a careful review of the records of this case, there is no showing that petitioners herein were able to give comment as to the order *en banc* of the PSC dated April 24, 1972, unanimously approving a compromise agreement entered into by Laoag City and INELCO. Petitioners, however, neither deny nor question the said compromise agreement which fixed the new electric rates. Such inaction of the petitioner contributes an implicit acceptance that they are bound by it. Where the petitioners have not raised any complaint or question against the terms set forth in the compromise agreement, they should

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be deemed to be satisfied with, and that they find no legal or equitable objection to the said agreement.

The Compromise Agreement answers the issues presented in this petition for review. It provides for the electric rates which should be deemed reasonable because otherwise, petitioners would not have entered into said agreement. The nature of the compromise agreement is such that "it supersedes all agreements and proceedings that had previously taken place and constitutes a final and definite settlement of the controversies by and between the parties. x x x The purpose of a compromise agreement is precisely to replace and terminate controverted claims." (Article 2028, Civil Code).

In the case of *Socorro vs. Ortiz* (L-23608, December 24, 1964, 12 SCRA 641), this Court had the occasion to rule that petition for *certiorari* may be dismissed in view of the compromise agreement entered into by the parties. Thus, in the case at bar, the *en banc* order of the PSC in case no. 71-2390 approving the compromise agreement entered into by essentially the same parties as in the present petition for review, validly rendered moot and academic this petition.

Even in the absence of the aforementioned incident, the present petition shall, nevertheless, have to be dismissed on the ground that it was filed out of time. The records show that the decision in question was served upon the petitioners through counsel by registered mail on April 25, 1968, duly addressed to the said counsel's address of record — Jai-Alai Building, Taft Avenue, Manila. The registered mail matter aforementioned was returned to the PSC unclaimed because, as per the manifestation of said counsel in the course of the oral examination held before the PSC *en banc* on November 28, 1968, he had moved to another office address — Suite 12-B, G. E. Antonino Building, T. M. Kalaw Street, Ermita, Manila, without filing with the PSC a timely notice of change of address.

On May 30, 1978, however, the said counsel for the petitioners, per his own admission given in the course of the oral arguments before the PSC *en banc*, actually obtained a copy of the decision from the secretary of the PSC, and on the basis of the said

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copy, he was able to prepare the motion for reconsideration which was filed on June 18, 1968.

In the case of *De los Reyes vs. Ugarte,* (L-82, December 1, 1945, 75 Phil. 505), this Court held that "x x x Requirement as to notice of judgment was however, substantially complied with when petitioner acquired knowledge of the writ of execution containing a literal copy of the judgment, so much so that he filed later a motion to quash and a motion for relief." By analogy, having this case in mind, the copy of the decision obtained by the petitioners' counsel serves as a substantial compliance with the requirement of notice of the judgment.

Section 34 of the Public Service Act (CA No. 146, as amended) provides that a motion for reconsideration of any order, ruling or decision of the Public Service Commission must be filed not later than fifteen (15) days after the date of notice of such order, ruling or decision. And Section 36 thereof also provides that any order, ruling or decision of the said Commission may be appealed by way of a petition for review filed with the Supreme Court within a period of thirty (30) days from notification of such order, ruling or decision.

In the case at bar, when on June 18, 1968 the petitioners filed with the PSC their motion for reconsideration of its decision, a full nineteen (19) days had elapsed since May 30, 1968 when they received notice thereof. The said motion for reconsideration was, therefore, clearly filed out of time, and the PSC should have denied the said motion on that ground.

The aforementioned motion for reconsideration having been filed out of the 15-day reglementary period, and no appeal by way of a petition for review pursuant to Section 36 of the Public Service Act having been filed with this Court within thirty (30) days from May 30, 1968, the decision now appealed from already had become final on June 29, 1968. It became final by operation of law since the perfection of appeal within the period prescribed by law is jurisdictional. (*Reyes vs. Carrasco,* L-28783, March 31, 1971, 38 SCRA 296; *Bello vs. Fernando*, L-16970, January 30, 1962).

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WHEREFORE, in view of the foregoing, this petition shall be as it is hereby ordered dismissed.

SO ORDERED.

Teehankee (Chairman), Makasiar, Fernandez, Guerrero, and *Melencio Herrera, JJ.*, concur.

FIRST DIVISION

[G.R. No. L-33145. March 30, 1979]

ELIGIO P. BUENAVENTE, *ET AL.*, *petitioners, vs.* HON. ALEJANDRO MELCHOR, *ET AL.*, *respondents.*

SYLLABUS

1. **CIVIL LAW; PUBLIC LAND; OCCUPATION BY MERE TOLERANCE CAN BY NO MEANS RISE TO A RIGHT THAT THE LAW SHOULD PROTECT IN THEIR FAVOR AS AGAINST THE TRUE LEGAL OWNERS.** — The fact that the occupants built their house with the knowledge and consent of the lot-owner, a government corporation, is not sufficient to vest in them any right which they can assert against the lot-owner when the latter demands that they vacate the premises on legal and justifiable grounds. When their continued occupation of the lot becomes one against the will of the owner, even if the latter had allowed their occupation at the beginning without even collecting rentals, the owner is certainly not barred, under any known principle of law, either by estoppel or waiver to demand that the lot be vacated so that he may himself enjoy his dominical and possessory rights thereto. Said occupants have no right to continue in occupation of the land whether, as legally defined, they are squatters or not. Their occupation