



Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

ENGR. JOSE S. DELA CRUZ,
Petitioner,

G.R. No. 254830

Present:

LEONEN, *SAJ.*,
Chairperson,
LAZARO-JAVIER,
LOPEZ, M.,
LOPEZ, J., and
KHO, JR., *JJ.*

- versus -

FIRST BUKIDNON ELECTRIC
COOPERATIVE, INC.
(FIBECO),
Respondent.

Promulgated:

JUN 27 2022

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DECISION

LOPEZ, M., *J.*:

The jurisdiction of the National Electrification Administration (NEA) over administrative matters involving electric cooperative general managers is key to the resolution of this Petition for Review on *Certiorari*¹ under Rule 45 of the Revised Rules of Court, challenging the Decision² dated July 29, 2019 and the Resolution³ dated September 14, 2020 of the Court of Appeals-Cagayan de Oro City (CA) in CA-G.R. SP No. 08417-MIN, which disallowed petitioner Jose S. Dela Cruz's (Dela Cruz) claim for retirement benefits in view of his valid dismissal from employment at respondent First Bukidnon Electric Cooperative, Inc. (FIBECO).

¹ *Rollo*, pp. 3-30.

² *Id.* at 157-167. Penned by Associate Justice Edgardo A. Camello with the concurrence of Associate Justices Walter S. Ong and Loida S. Posadas-Kahulugan.

³ *Id.* at 111-112.

Facts

Dela Cruz was first hired as line personnel, and was eventually promoted as respondent FIBECO's general manager in 2001.⁴ On March 26, 2007, however, concerned employees of FIBECO initiated an administrative complaint against him for grave offenses, including nepotism, insubordination, misuse of FIBECO properties/funds, and gross incompetence. After investigation, Dela Cruz was found guilty of the charges. Consequently, FIBECO's Board of Directors passed Resolution No. 42, Series of 2007, dismissing Dela Cruz from service effective May 1, 2007.⁵

In its Resolution No. 79 dated October 18, 2007, the NEA Board of Administrators approved and confirmed the finding of guilt against Dela Cruz and his dismissal from service.⁶ Illegal dismissal cases were filed before the labor tribunal, but eventually, in a Resolution⁷ dated March 15, 2017 in G.R. No. 229485 entitled (*Engr. Jose S. dela Cruz v. First Bukidnon Electric Cooperative, Inc. [FIBECO] and/or Fibeco Board of Directors, namely, Raul L. Alkuino, et al.*) the Court upheld NEA's jurisdiction over the termination dispute and the finality of NEA's Resolution No. 79. The Court's Resolution⁸ became final and executory on May 3, 2017.⁹

Meanwhile, the present controversy spawned when Dela Cruz reached the compulsory retirement age on August 28, 2013 pending finality of the termination dispute. Believing that he is entitled to the retirement package pursuant to FIBECO Board Resolution No. 05-2014, in relation to NEA Memorandum No. 2005-015¹⁰ or the Revised Retirement Plan for Electric Cooperative General Managers, Dela Cruz filed an application for retirement benefits with FIBECO, but to no avail. Thus, he pursued his claim before the Labor Arbiter (LA), insisting that he is eligible to receive retirement benefits as he had been employed by FIBECO since 1979; and that from 2001, he served as general manager until the date of his retirement.¹¹

FIBECO countered that Dela Cruz is not entitled to retirement benefits since he was found guilty of the administrative charges against him and validly dismissed therefor. Besides, it is the NEA, not the LA, which has jurisdiction over Dela Cruz's retirement benefits claim.¹²

The LA sustained FIBECO's jurisdictional argument, and consequently, dismissed Dela Cruz's claim for lack of jurisdiction.¹³ However, on appeal, the National Labor Relations Commission (NLRC) ruled that the LA has

⁴ Id. at 158-160.

⁵ Id. at 55-56.

⁶ Id. at 56.

⁷ Id. at 113-114.

⁸ Id.

⁹ Id. at 115.

¹⁰ Dated May 23, 2005.

¹¹ *Rollo*, pp. 158-160.

¹² Id. at 160.

¹³ Id. at 159. See CA assailed Decision dated July 29, 2019, citing LA's Decision dated September 14, 2015.

original and exclusive jurisdiction over claims for retirement benefits. Thus, in a Resolution dated April 29, 2016, the NLRC remanded the case to the LA for proper disposition.¹⁴ Notably, this NLRC Resolution was not questioned by any party. Nevertheless, in a Decision¹⁵ dated September 14, 2016, the LA stood by its previous ruling that it is the NEA that has exclusive jurisdiction over Dela Cruz's retirement benefits claim since Presidential Decree (PD) No. 269,¹⁶ as amended by PD No. 1645¹⁷ and Republic Act (RA) No. 10531,¹⁸ conferred the NEA with the power of supervision and control over all electric cooperatives, and such power includes the adjudication of any and all complaints or actions affecting the electric cooperatives, thus:

[T]he instant complaint for retirement benefits pursuant to the NEA's Retirement Plan for General Managers of Electric Cooperatives (Either NEA Memorandum No. 2015-024 or NEA Memorandum No. 2005-015) is DISMISSED.

Let a copy of this Decision be furnished the [NEA] for information and appropriate action as may be warranted under the circumstances.

SO ORDERED.¹⁹

Unrelenting, Dela Cruz sought remedy from the NLRC again. The NLRC rebuked the LA for reversing its earlier resolution on the jurisdictional issue, and reiterated that the labor tribunal has exclusive jurisdiction over the retirement benefits claim. On that premise, the NLRC granted Dela Cruz's claim for retirement benefits, viz.:

[T]he appealed decision is SET ASIDE.

Accordingly, [w]e declare again that the original and exclusive jurisdiction over complainant's monetary claim on his retirement benefits is properly lodged with the [LA] or the [NLRC] for that matter as this issue has been finally resolved through [o]ur earlier Resolution promulgated on April 29, 2016 with corresponding Entry of Judgment that the same has become final and executory on May 23, 20[1]6.

Further, respondent [FIBECO], through its authorized officers or representatives is ORDERED to PAY complainant ENGR. JOSE S. DELA CRUZ the amount of SIX MILLION FORTY[-]EIGHT THOUSAND SIX HUNDRED PESOS (₱6,048,600.00) representing the latter's retirement benefits as ratiocinated above.

¹⁴ Id., citing NLRC Resolution dated April 29, 2016.

¹⁵ Id. at 60, as cited in the CA assailed Decision dated July 29, 2019.

¹⁶ Entitled "CREATING THE '[NEA]' AS A CORPORATION, PRESCRIBING ITS POWERS AND ACTIVITIES, APPROPRIATING THE NECESSARY FUNDS THEREFOR AND DECLARING A NATIONAL POLICY OBJECTIVE FOR THE TOTAL ELECTRIFICATION OF THE PHILIPPINES ON AN AREA COVERAGE SERVICE BASIS, THE ORGANIZATION, PROMOTION AND DEVELOPMENT OF ELECTRIC COOPERATIVES TO ATTAIN THE SAID OBJECTIVE, PRESCRIBING TERMS AND CONDITIONS FOR THEIR OPERATIONS, THE REPEAL OF REPUBLIC ACT (RA) No. 6038, AND FOR OTHER PURPOSES," approved on August 6, 1973.

¹⁷ Entitled "AMENDING [PD] No. 269, INCREASING THE CAPITALIZATION AND BROADENING THE LENDING AND REGULATORY POWERS OF THE [NEA] AND FOR OTHER PURPOSES," approved on October 8, 1979.

¹⁸ Entitled "AN ACT STRENGTHENING THE [NEA], FURTHER AMENDING FOR THE PURPOSE [PD] No. 269, AS AMENDED, OTHERWISE KNOWN AS THE '[NEA] DECREE,'" approved on May 7, 2013.

¹⁹ *Rollo*, p. 160, as cited in the CA assailed Decision dated July 29, 2019.

SO ORDERED.²⁰

FIBECO filed an Omnibus Motion for Reconsideration with Motion to Inhibit (Omnibus Motion), which remained unresolved. This prompted FIBECO to file a petition for *certiorari* before the CA, ascribing grave abuse of discretion on the part of the NLRC for ignoring its Omnibus Motion; and for awarding retirement benefits to Dela Cruz.²¹

In its assailed Decision²² dated July 29, 2019, the CA upheld the jurisdiction of the labor tribunal over the retirement benefits claim solely on the ground that the NLRC ruling thereon already became final and executory for failure of any party to question it. The CA ruled that the only issue left for the LA to resolve was whether Dela Cruz was entitled to receive retirement benefits. For that matter, the CA disagreed with the NLRC and ruled that Dela Cruz was ineligible for the claimed benefits in view of his dismissal from the service before he reached the retirement age. The CA noted that such dismissal was affirmed valid in G.R. No. 229485, thus:

FOR THESE REASONS, the assailed Resolution dated June 7, 2017 is AFFIRMED WITH MODIFICATION that the award of retirement benefits in favor of [Dela Cruz] is DELETED.

SO ORDERED.²³

Dela Cruz's Motion for Reconsideration was denied in the assailed CA Resolution²⁴ dated September 14, 2020.

Hence, this petition, which focuses only on Dela Cruz's entitlement to retirement benefits without delving into the jurisdictional issue. Dela Cruz faults the CA for relying upon the Court's ruling in G.R. No. 229485 in upholding the validity of his dismissal, and consequently, denying his claim for retirement benefits. He argues that G.R. No. 229485 merely resolved the issue on which between the LA and the NEA had jurisdiction over the termination dispute, and as such, did not resolve the merits of the validity of his dismissal. He also claims that he remained under FIBECO's employ until his retirement on August 28, 2013.²⁵

In its Comment,²⁶ FIBECO maintains that the primary and exclusive jurisdiction over retirement benefits claims of electric cooperative general managers is with the NEA, not with the labor tribunal. Nonetheless, it agrees with the CA in deleting the award of retirement benefits since Dela Cruz was validly dismissed from service.²⁷

²⁰ Id. at 161–162.

²¹ Id. at 162.

²² Id. at 157–167.

²³ Id. at 166.

²⁴ Id. at 111–112.

²⁵ Id. at 23.

²⁶ Id. at 175–180.

²⁷ Id. at 178–180.

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Issues

- I. Whether the CA erred in upholding the labor tribunal's jurisdiction over Dela Cruz's claim for retirement benefits; and
- II. Whether Dela Cruz is entitled to retirement benefits.

NEA has jurisdiction over Dela Cruz's retirement benefits claim.

The CA upheld the labor tribunal's jurisdiction over Dela Cruz's retirement benefits claim *solely* on the ground that the NLRC's ruling on that matter had already attained finality since it was not questioned by any party in any forum. This, however, is a palpable error that must be rectified.

Nothing is more settled than that jurisdiction over the subject matter of a case is conferred by law. It cannot be acquired by waiver or acquiescence of any or all of the parties, by estoppel, or by the erroneous belief of the court or any adjudicative body that it exists.²⁸ Thus, the failure of the parties to question the NLRC's ruling on the jurisdictional issue in its Resolution²⁹ dated April 29, 2016, did not vest the labor tribunal with jurisdiction to take cognizance of the claim.

On the contrary, PD No. 269, as amended, clearly provides that the NEA has the authority to supervise the management and operations of all electric cooperatives.³⁰ In the exercise of this power, Section 6 of RA No. 10351 provides that the NEA is vested with authority to:

x x x x

(a) **issue orders, rules and regulations, *motu proprio* or upon petition of third parties, to conduct investigations, referenda and other similar actions on all matters affecting the electric cooperatives;**

(b) **issue preventive or disciplinary measures including, but not limited to, suspension or removal and replacement of any or all of the members of the board of directors and officers of the electric cooperative, as the NEA may deem fit and necessary and to take any other remedial measures as the law or any agreement or arrangement with NEA may provide, to attain the objectives of this Act; x x x.**

x x x x

The NEA shall, in the exercise of its **supervisory and disciplinary powers** under this Act, strictly observe due process of law. (Emphases supplied)

²⁸ *Velasquez, Jr. v. Lisondra Land Incorporated*, G.R. No. 231290, August 27, 2020, <<https://elibrary.judiciary.gov.ph/thebookshelf/docmonth/Aug/2020/1>>.

²⁹ *Rollo*, p. 159, cited in the CA assailed Decision dated July 29, 2019.

³⁰ Section 4 (c), PD 269, as amended by Section 5, RA No. 10531; approved on May 7, 2013.

Section 7 of the Implementing Rules and Regulations³¹ of RA No. 10531, then, specifically provides:

SEC. 7. Jurisdiction of the NEA over Administrative Cases. The NEA in the exercise of its quasi-judicial functions, shall have the primary and exclusive jurisdiction over the following administrative cases:

a) Cases involving complaints against the [electric cooperative] [o]fficers, including those cases or investigation and **other similar actions arising from the NEA's exercise of its *motu proprio* powers as provided in Section 6 of the Act.** For the purpose of this section, the [electric cooperatives] officers referred to shall be the following:

x x x x

ii. General Manager;

x x x x

c) **Cases or disputes involving any matter relating to the effective implementation of the provisions of the Act.** (Emphases supplied)

Pursuant to the NEA's power of supervision and control over the management and operations of all electric cooperatives and their officers,³² its jurisdiction to promulgate and implement rules on the retirement benefits of electric cooperative general managers cannot be denied. Settled is the rule that when a law confers jurisdiction, all the incidental powers necessary for its effective exercise are included in the conferment.³³ Accordingly, the NEA issued Memorandum No. 2005-015 (Revised Retirement Plan for Electric Cooperative General Managers), which notably is the basis of Dela Cruz's claim. It laid down definitive guidelines for the retirement benefits claims of an electric cooperative's general manager, requiring that:

V. PROCEDURES

A General Manager who meets the requirements for optional or compulsory retirement shall take the following steps:

- A. He/she shall inform the cooperative Board of his/her intention to go on such retirement at least thirty (30) days before the effectivity date of his/her retirement;
- B. The [Electric Cooperative] Board shall pass a resolution accepting such application **and submit the same to NEA for approval of the Administrator.** The Board Resolution shall include the clearances and computation of corresponding benefits; x x x. (Emphases supplied)

³¹ Approved on May 7, 2013.

³² See *Engr. Besana v. Mayor*, 639 Phil. 216, 232 (2010); and *Silva v. Mationg*, 531 Phil. 324, 338-340 (2006).

³³ *National Electrification Administration v. Civil Service Commission*, 624 Phil. 682 (2010).

Here, Dela Cruz alleges that he filed an application for his retirement benefits with FIBECO, but to no avail. As the law vested the NEA with jurisdiction over all administrative matters involving officers of electric cooperatives, FIBECO's denial of, or inaction on Dela Cruz's claim should have been brought to the NEA's disposal in accordance with the retirement policy as correctly held by the LA.³⁴ In other words, the CA patently erred when it sustained the labor tribunal's jurisdiction to rule upon Dela Cruz's retirement benefits claim.

Dela Cruz is not entitled to his claimed retirement benefits.

The validity of Dela Cruz's dismissal had long been settled, and consequently, is beyond scrutiny. The Court's disposition in G.R. No. 229485 dated March 15, 2017,³⁵ upholding NEA's jurisdiction over Dela Cruz's termination dispute and the finality of NEA Resolution No. 79, which dismissed Dela Cruz from the service, became final and executory on May 3, 2017.³⁶ Thus, contrary to Dela Cruz's proposition, the CA did not err in recognizing that he was validly dismissed from the service.

Dela Cruz's removal from his position as general manager through NEA Resolution No. 79, entails the forfeiture of his retirement benefits. Section 3(a), Rule VII of the Rules of Procedure of the [NEA] on all administrative cases of Electric Cooperatives' Board of Directors, officers and employees³⁷ explicitly provides for the forfeiture of retirement benefits in case an officer is found guilty of grave offenses and penalized with removal from service:

SEC. 3. ADMINISTRATIVE DISABILITIES INHERENT IN CERTAIN PENALTIES.

- (a) **The penalty of dismissal shall carry with it that of cancellation of eligibility to run for the position of [Electric Cooperative] director, forfeiture of retirement benefits, and the perpetual disqualification for reemployment in any Electric Cooperative unless otherwise provided in the decision[.]**
(Emphases supplied)

Since NEA Resolution No. 79, which dismissed Dela Cruz from the service, did not provide for his entitlement to retirement benefits despite a

³⁴ *Rollo*, p. 160; see the assailed CA Decision dated July 29, 2019, citing the LA Decision dated September 14, 2016.

³⁵ *Id.* at 113.

³⁶ *Id.* at 115.

³⁷ Approved on May 19, 2005.

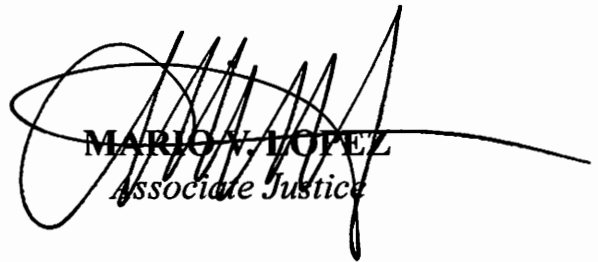
NEA Memorandum No. 2015-030 or The NEA Administrative Rules of Procedures of 2013, Rule VII, Section 3 (a); as amended, similarly provides:

(a) **The penalty of removal shall carry with it that of cancellation of eligibility to run for the position of [Electric Cooperative] director, forfeiture of retirement benefits, and the perpetual disqualification for reemployment in any Electric Cooperative unless otherwise provided in the decision[.]** (Emphases supplied)

finding of guilt, the CA committed no reversible error in deleting the NLRC's award of retirement benefits.

ACCORDINGLY, the Petition for Review on *Certiorari* is **DENIED**. The Decision dated July 29, 2019 and the Resolution dated September 14, 2020 of the Court of Appeals-Cagayan de Oro City in CA-G.R. SP No. 08417-MIN are **AFFIRMED** as to the deletion of the award of retirement benefits.

SO ORDERED.


MARIO V. LOPEZ
Associate Justice

WE CONCUR:


MARVIC M.V. F. LEONEN
Senior Associate Justice
Chairperson


AMY C. LAZARO-JAVIER
Associate Justice


JHOSEP Y. LOPEZ
Associate Justice


ANTONIO T. KHO, JR.
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.


MARVIC M.V. F. LEONEN
Senior 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.


ALEXANDER G. GESMUNDO
Chief Justice