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1200 19TH STREET, N.W.

SUITE 500

WASHINGTON, D. C. 20036

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Federal Communications Commission
Office of Secretary

February 7, 1997

PHILIP V. PERMUT
DIRECT LINE (202) 955-9666

via Hand Delivery

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W.
Room 222
Washington, D.C. 20554

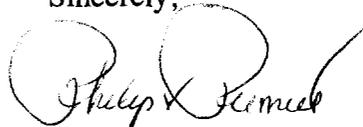
Re: Notice of Proposed Rulemaking, IB Docket No. 96-26

96-261

Dear Mr. Caton:

Enclosed please find five copies of Nepal Telecommunications Corporation's Comments in the above-referenced docket. The copy marked "original" is a facsimile; the original document is being sent directly to the Commission.

Sincerely,



Philip V. Permut

Enclosures

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NEPAL TELECOMMUNICATIONS CORPORATION

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PUTALI BAGAINCHA
SINGHDURBAR
KATHMANDU, NEPAL

Reference No.

Federal Communications Commission Date:
Office of Secretary February 7, 1997

Honorable Reed E. Hundt
Chairman
Federal Communications Commission
1919 - M Street, N.W.
Washington, D.C. 20554, U.S.A.

Dear Mr. Chairman,

We have studied carefully the "Notice of Proposed Rulemaking (NPRM)" in the Matter of International Settlement Rates adopted and released on December 19, 1996 by the Commission.

According to international agreement as articulated in the International Telecommunications Union Treaty, accounting rates are to be determined by mutual agreement.

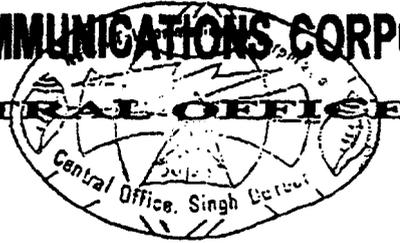
The current rate of transiting international calls of the largest U.S. carrier AT&T is about US\$ 0.57. Nepal Telecommunications Corporation is paying this rate to the U.S. carrier. The cost of terminating an international call should be obviously higher than transit. If the cost of transiting a call is 57 cents, then the cost of terminating the call should be higher than 57 cents.

The NPRM states that the U.S. carriers are in 'deficit' because of higher outpayment to foreign carriers. Such outpayment cannot be considered a 'deficit'. U.S. carriers are collecting more revenues than foreign carriers from the customers because of higher outbound traffic. On average, the cost of completing an international call is shared equally by both carriers. If U.S. carriers collect more from the customers, then they share that extra revenue with foreign carriers.

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SINGHDURBAR
KATHMANDU, NEPAL

Reference No.

Date:

We have the opinion that the current imbalance traffic between the U.S.A. and Nepal is caused by the Home Direct Services, call back and refile technique rather than higher accounting rates. This imbalance will continue, even with the lower accounting rates. Moreover, accounting rate bypass system will continue even with lower accounting rate.

For the reasons stated above, Nepal Telecommunications Corporation believes that the Commission should not adopt its proposals to mandate accounting rate reductions. Instead, NTC recommends that the Commission may control the distortions caused by call back, refile, accounting rate bypass systems.

Very truly yours,

V. B. Bajracharya
(General Manager)
Nepal Telecommunications Corporation
Singh Durbar, Kathmandu, Nepal.

cc:

The Honorable Charlene Barshefsky
U.S. Trade Representative (Acting)
Winder Building
600 Seventeenth Street, N.W.
Washington, D.C. 20506
(202) 395-3230

The Secretary
Federal Communications Commission
1919 M Street NW
Washington DC 20554

CERTIFICATE OF SERVICE

I, Roberta Schrock, hereby certify that I have served a copy of the foregoing
"Comments of Nepal Telecommunications Corporation" on this 7th day of February, 1997,
upon the following parties by hand delivery:

Donald Gips
Chief, International Bureau
Federal Communications Commission
2000 M Street, N.W., Room 827
Washington, D.C. 20554

Diane J. Cornell
Chief, Telecommunications Division, International Bureau
Federal Communications Commission
2000 M Street, Room 838
Washington, D.C. 20554

Peter Cowhey
Chief, Multilateral and Development Branch
Federal Communications Commission
2000 M Street, Room 849
Washington, D.C. 20554

Kathryn O'Brien
International Bureau
Federal Communications Commission
2000 M Street, N.W., Room 822
Washington, D.C. 20554

International Transcription Services
1919 M Street, N.W., Room 246
Washington, D.C. 20554


Roberta Schrock