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Jakarta, 18 August 1997

Office of the Secretary
Federal Communication Commission
1919 M Street, N.W. Room 222
Washington, D.C. 20554
U.S.A.

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FCC MAIL ROOM

Dear Sir,

FCC's Notice of Proposed Rulemaking (NPRM)
(IB Docket No. 96-261)

Pursuant to FCC's Order dated August 7, 1997 to apply benchmarks on the accounting rate between USA and other countries in the provision of international telecommunication service, which is scheduled to take effect on January 1, 1998, Indosat hereby submits the following comments in response to the action which will subsequently be taken by the FCC:

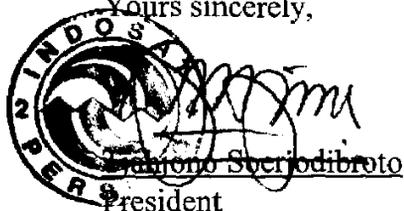
1. FCC benchmark figures do not reflect the real costs of terminating international traffic, since categorizing countries into groupings according to their GNPs is inappropriate; hence the resulting grouping create significantly diverse spread of cost variations even within the grouping themselves. Furthermore, different countries apply different mechanism to deliver traffic to their customers. Indonesia, for example, mandates that international traffic is terminated at the gateway of the international operator and delivered to the customers by the domestic operator. The cost paid to the domestic operator for terminating international traffic (i.e. interconnection charge) is already above the benchmark rate proposed by the FCC.
2. In addition, FCC fails to consider other factors which would have significantly influenced the resulting cost levels. In Indonesia, for example, aside from the government regulated domestic interconnection charges as mentioned in point 1 above, USO (Universal Service Obligation), which the government mandates for the development of telecommunication infrastructure, has not been taken into account in FCC's cost determinations.

3. In our opinion, all carriers should strive to achieve cost based accounting rate and it is something that has to be accepted and implemented by all carriers. However the reduction to arrive at such rate has to be conducted in a gradual and progressive manner. The fact that almost every single carrier has lowered their accounting rate in the last few years has to be appreciated as the interim step toward cost based accounting rate.

We hope that you would kindly consider the above reasoning which in our view does not justify implementation of the FCC Benchmark Order.

Thank you for your attention.

Yours sincerely,



Samono Soerjodibroto
President