

When the FCC questioned wireless carriers in 2009 and 2010 about their early termination fees, which customers must pay if they terminate their contracts before the term is up, the wireless carriers argued the fee existed because it offset the cost of the phone during that contract period. They explained that a portion of the fee that customers pay each month for their service was going toward paying off the cost of the subsidy that the customer got when he bought a new phone on the network. In other words, the \$200 a customer pays to get the phone is only a fraction of the total cost of owning that device. The carrier picks up the other \$400 or so on that device. And the carrier claims it recovers the rest of the cost over the life of the two-year contract. But what happens when you buy the phone at full price? Or what about when your contract ends? Does the cost of your monthly service get reduced because you've finished paying off your device? The answer to this question under most carrier plans is no. T-Mobile is the only major U.S. carrier that reduces your monthly service charge once your phone subsidy is paid off.

I'd argue that if carriers are subsidizing phones and arguing that they must charge ETFs (early termination fees) to cover the cost of phones when customers cancel their service early, then they should reduce the cost of the service once the phone is paid off. And they should offer a discount on the service if you bring your own phone.