

Xplornet buying County network

Customers are relieved, taxpayers out \$150,000

It seems customers of bankrupt W3Connex won't have to scramble to find a new Internet service provider. But County taxpayers on the other hand are unlikely to see any of the \$150,000 they fronted the fledgling ISP five years ago.

The former customers of W3Connex have been waiting anxiously since mid April when they learned their Internet service provider was insolvent and in the hands of receiver Fuller Landau. Terms of a court order governing the receivership prevented customers from cancelling internet service contracts so that the business could be sold intact.

Now *The Times* has learned that Barrett Xplore, based in Woodstock, New Brunswick, has agreed in principle to purchase the business and intends to continue to provide Internet service to County subscribers. Barrett Xplore, operating as Xplornet, currently serves about 15,000 customers in Eastern Canada and Ontario.

"We are very pleased," said Jerry Henechowicz of Fuller Landau. "Barrett Xplore is a very well financed organization, likely one of the largest wireless Internet networks in Canada. We hope the transition will be complete by the end of the month."

John Maduri is CEO of Barrett Xplore. He says his company's core competency is delivering a consistent and rich broadband Internet experience to rural communities such as Prince Edward County.

"We are delighted," said Maduri, on the pending deal to acquire W3 Connex' network. "We operate in and around good portions of eastern Ontario. We are thrilled to be able to expand our footprint. I think folks can expect us to be very active and vigorous."

He describes Xplornet as a national provider with a unique hybrid offering of broadband Internet services to rural customers.

"We provide wireless service in about 400 communities across Canada. And we are one of the leading providers of satellite broadband in North America."

Bob Davie is part of the Xplornet team and lives in Prince Edward County. He is familiar with the unique challenges of reaching potential customers in some of the far-flung corners of the County. He says either through their wireless or satellite network, Xplornet will be able to offer broadband service to everyone.

"Our intention is to make the online experience richer," said Davie. "The equipment we use is more capable of travelling greater distances and penetrating foliage and other impediments to the wireless signal. It is never going to be 100 per cent, but I think we can make the experience better."

"We are able to offer a satellite solution in addition to our wireless service. In that way we can offer service to everyone. The satellite experience is much better than dial-up but not quite as good as wireless—but the gap is closing."

David and Shirley Smith are W3Connex subscribers. They operate an accounting and financial consulting business in Wellington. They worried about how the failing of W3Connex would affect them. David Smith says he is relieved that a sale is imminent but noted that the transition had been handled well.

"Whoever picked up the pieces hasn't missed a beat," said David Smith. "We've had no issues with service or consistency."

SEED CAPITAL LOAN LIKELY LOST

Not so lucky are County taxpayers. In 2003, the municipality provided \$150,000 to W3Connex as seed capital, repayable after five years. That repayment comes due this November. But Fuller Landau's Henechowicz doubts this money will ever be recovered.

"The assets will be sold free and clear of any obligations and the distribution of those funds will be in accordance with priority of all the various security arrangements," said the receiver. "I didn't see (The County) as a secured creditor. I don't know if they were ever issued security or not."

A review of W3 Connex's list of secured creditors reveals that a \$600 bill from this municipality's Public Works department is identified as the only amount owed to the County.

Repeated requests for an explanation from CAO Dick Shannon and Mayor Leo Finnegan of the County's omission on the secured creditors list, as well as the municipality's exposure to a sudden discontinuation of Internet service, were not returned.

"If they do have a security interest they should certainly let me know about that," said Henechowicz of Fuller Landau.