

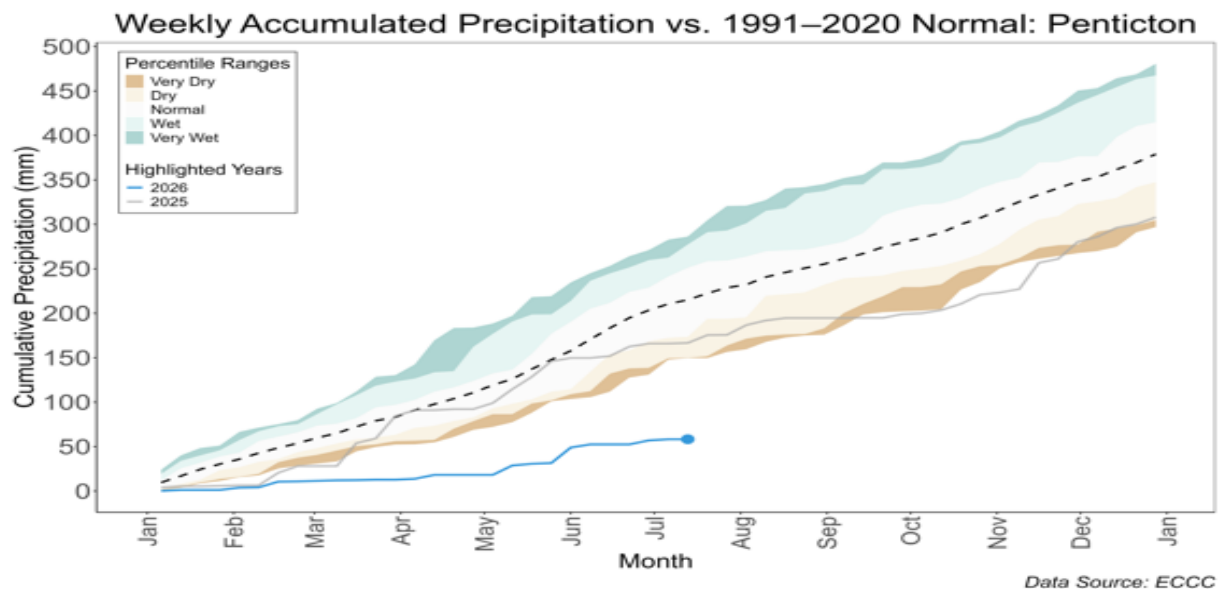
July 20, 2026

Dear South Irrigation System User,

The City of Penticton would like to thank South Irrigation System users for their efforts since Stage 2 water restrictions went into effect on May 01, 2026. This more detailed and technical update is being provided to inform you of current conditions, and to inform you of the factors being considered by the City as we continue to assess the need for potentially increasing stages of water restrictions.

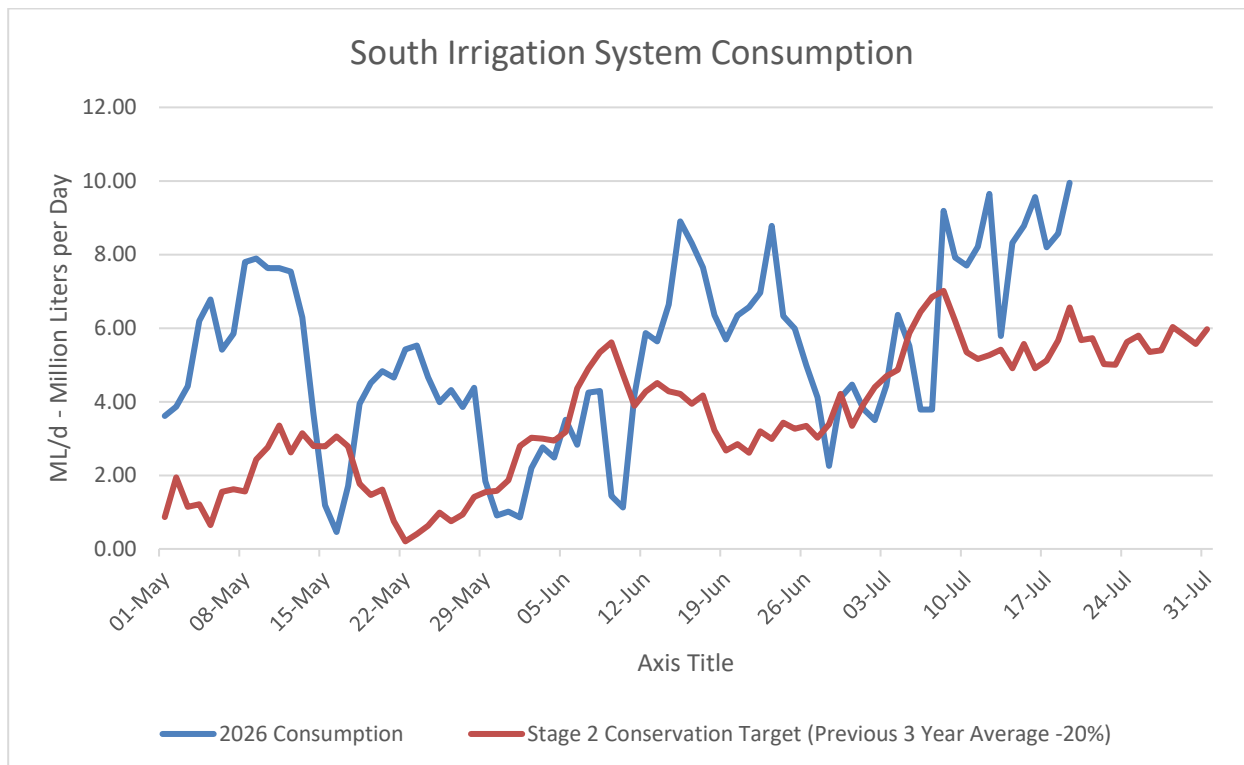
Drought Conditions and Precipitation:

While conservation efforts have helped to moderate water demand, continued drought conditions across the Okanagan Region are placing increasing pressure on available water supplies. The region has been experiencing prolonged hot and dry weather with very limited precipitation and remains under severe stage 4 drought conditions. For the period of May 01 till July 15th Penticton Airport station has only recorded a total 40.1 mm of precipitation, which is significantly lower than historical low levels as shown in the graph below from Environment and Climate Change Canada.



Current and Past Year Average Demands:

The accompanying chart below illustrates South Irrigation System demand from May 1 through July 20 (blue line) and compares these flows to the Stage 2 conservation target flows in red (which are set at a 20% reduction from the previous three-year average). The chart highlights the gap between where we are, and where we want to be.



Peak Flows:

While total water consumption is important, managing peak demand presents an equally significant operational challenge. The South Irrigation System must be operated to both meet peak customer agricultural demand to ensure reliability, but also to maintain adequate environmental flows. Reservoir releases and creek diversion rates cannot be adjusted instantly to respond to rapid increases in water use. There is a 12-hour delay from when adjustments are made at the reservoirs, until the flow change is detected within City infrastructure. When irrigation demand spikes during hot weather, the system must be set to meet those peaks, even if brief, resulting in more rapid depletion of stored water.

The highest daily demand recorded this season, to date, occurred on July 19 when the system demand reached 9.95 ML/day. Compared to the average flow since stage 2 restrictions took effect, this represents a peak demand increase of 89%.

Where possible, maintaining consistent watering practices in accordance with current water restrictions will help ensure the City is not increasing flows to meet peak water demands and unnecessarily depleting stored water.

Reservoirs and Storage:

The South Irrigation System relies on a network of storage reservoirs and diversion structures to capture, store, and divert snowpack during freshet for irrigation purposes. The South System or Ellis Creek Watershed is comprised of two main storage reservoirs, Ellis #2 and Ellis #4. While Ellis #4 Dam was recently reconstructed to meet all the B.C. Dam Safety Regulation requirements, Ellis #2 has recently received a less than favourable review and has been deemed unsafe to operate. As a result, the City has not been able to retain storage water for the 2026 operating season in Ellis #2, which is adding complexity to an already

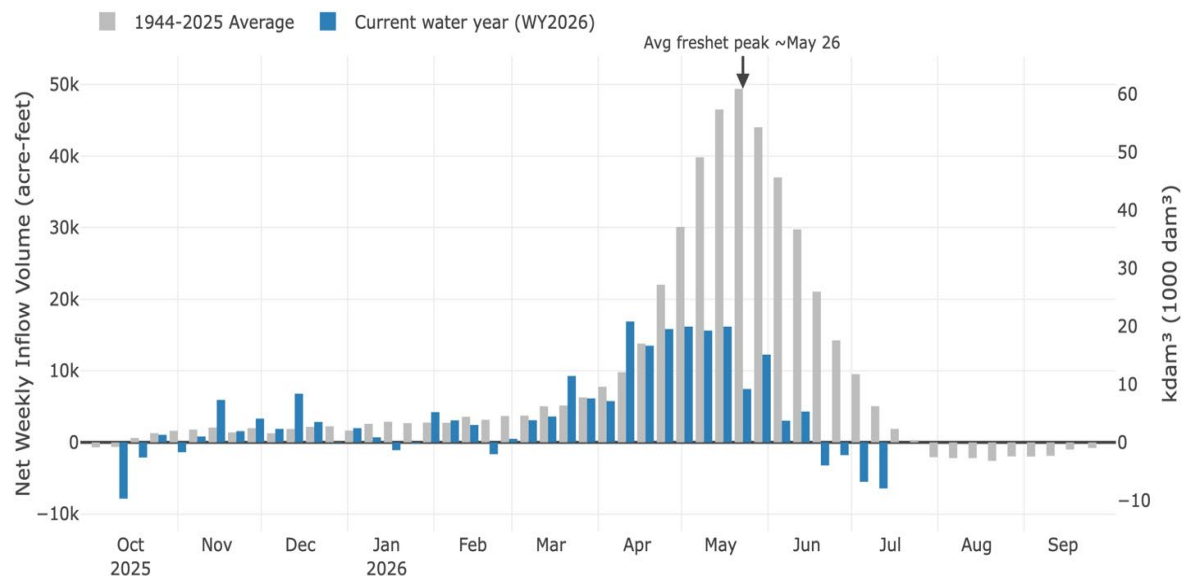
challenging year. The City of Penticton is working with the Provincial Dam Safety Branch and supporting engineering firms to review and evaluate the most suitable path forward to bring this Dam and it's associated storage back online.

Due to lower than normal snowpack, significantly below average year to date precipitation and ongoing drought conditions, storage reservoirs and the watershed have not received the normal recharge that is anticipated annually and are being depleted more rapidly than anticipated. As a result, the City expects to switch the south irrigation system to treated water for the remainder of the season. This transition allows for continued system operation, but places significant additional demand on the City's Water Treatment Plant municipal water infrastructure, and the water sources that supply the treated system.

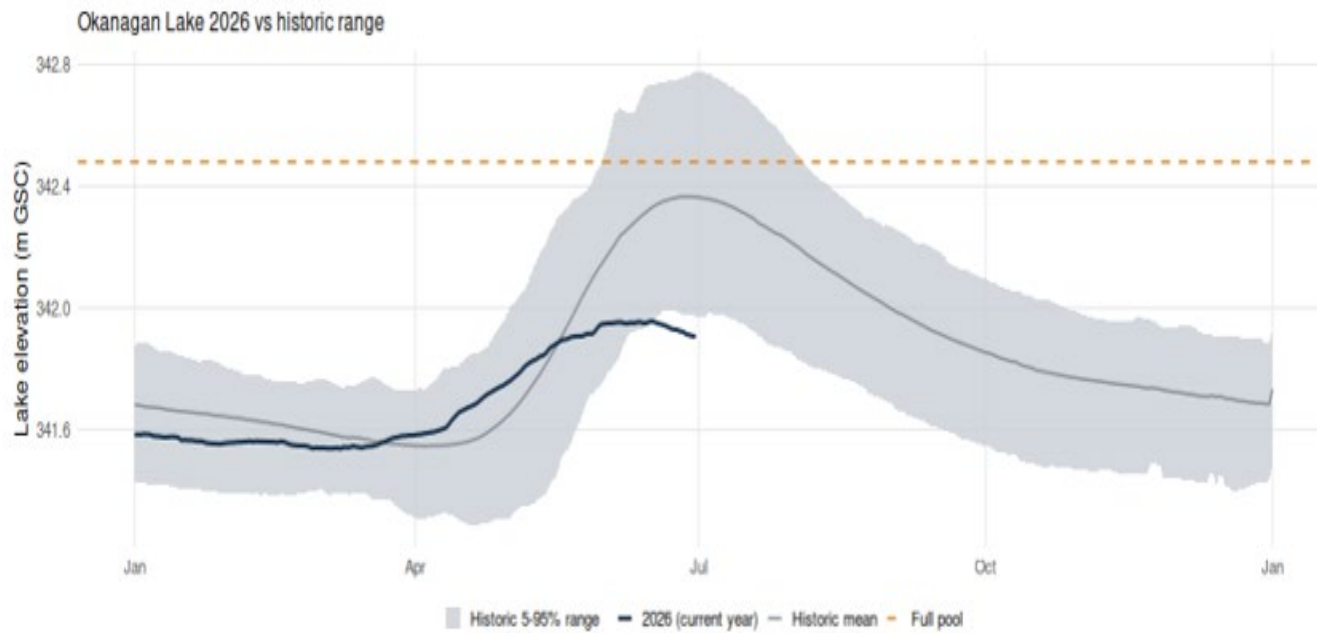
Okanagan Lake:

The City pumps roughly 90% of it's domestic water from Okanagan Lake (with the remainder from Penticton Creek). Okanagan Lake levels have also been severely impacted by the lower than normal snowpack and lack of precipitation. The graph below shows the current year inflow for Okanagan Lake which is at low levels not experience in the past 3 decades. At a time when Okanagan Lake is normally still receiving influent flows from tributary streams, we have already been seeing levels decreasing since mid June.

Net Inflow to Okanagan Lake



Source: okanaganwatersupply.com · 2026-07-16



Overall Outlook:

Continued conservation efforts by both South Irrigation System users, and the Community as a whole, will help preserve available water supplies, support reliable irrigation service, and reduce pressure on both source water supplies and treatment infrastructure. Every effort to reduce unnecessary irrigation and avoid peak demand periods contributes to the long-term sustainability of the systems.

The City appreciates your continued cooperation and commitment to responsible water use during these challenging conditions. We will continue to provide updates on the status of these assets as the season progresses.

Sincerely,

Dave Best

Manager of Utilities