



# RockyTalk

FOOD FOR THOUGHT INFORMATION FOR BUSINESS

*Tony Sweetney*

## OCTOBER IS CO-OP MONTH!!!

BY BRAD GJERMO, CEO

**October is recognized as Co-op Month across the United States. A time when we reflect on the contributions cooperatives have made to our society. Cooperatives are present and thriving today as they ever have, providing critical goods and services to their members. I would even say that cooperatives are going through a bit of a renaissance with the growing desire by consumers to access local products and support local, community-owned businesses. In the case of Rocky Mountain Supply, we would certainly fit this description!**

Today, approximately 160 cooperatives are operating in the state of Montana. Some of the areas in which these cooperatives operate are farm & ranch supply, agricultural product marketing such as grain and dairy, electric, telecommunications and internet, food, and housing. Cooperatives have a significant presence in other industries besides agriculture. Some of these are the news service with Associated Press (A.P.) and hardware distribution with True Value, Ace, as well as RMSI's hardware distributor, Do It Best. But as most of you know, cooperatives have a significant presence in agriculture. These include the common names of CHS, Land O' Lakes, Darigold, Ocean Spray, and Dairy Farmers of America, which are larger-scale coop-

eratives that are multinational in nature in many cases. These also include local supply and grain cooperatives like Rocky Mountain Supply.



BRAD GJERMO

So, you can see that many of these serve farmers and ranchers on both sides of agriculture production – providing inputs to grow their crop, raise their livestock, and/or produce their milk all the way to purchasing and processing of their end products to sell to the consumer. The economic impact of cooperatives and what they contribute to local communities cannot go unrecognized! Many local supply cooperatives exist in small towns where they may be the most significant or only employer. One of our employees in Belgrade once heard a community

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member who is not associated with Rocky Mountain Supply mention that Rocky Mountain Supply is the "heartbeat" of Belgrade! I would say this could be a true statement in all the communities in which RMSI has a presence. Another significant example of the economic contribution that Rocky Mountain Supply makes to the communities it serves is through its patronage dividend and equity retirement programs. In calendar year 2024, Rocky Mountain Supply will return over \$3 million in cash to members that will likely be invested by members back into the businesses in the communities

in which these members reside and work.

We are a little past the halfway point in our fiscal year, and RMS is on track for another very solid year financially! Our total net income should be another record, topping \$10 million for the first time. This should mean another record year of patronage dividend payments to our members! Many of you will also receive your equity retirement checks in the upcoming months. We again plan to distribute a minimum of \$1.25 million in equity retirement payments this year. This will allow us

to pay all individual members aged 71 and all equity earned in the year 2000 through at least the year 2007. As I mentioned, this will get us to our goal of having equity on the books at most 20 years! Our long-term objective is not to have any equity older than 20 years. It is the commitment and hard work of our employees and the commitment and loyalty of our members and customers that allow us to accomplish this and return such a significant economic benefit to the communities we serve. As always, Thank You for Your Business and Support!!!

# IS SYNTHETIC OIL BETTER?

BY SCOTT FEDDES, CERTIFIED ENERGY SPECIALIST

**The answer is "yes" for most applications. The real question is, is it worth the extra cost?**

Synthetic oil is made from high-grade base oil produced from crude oil. It is chemically altered from its original state, and that is the reason why it is called "synthetic." That is also the reason why it costs more. One-way manufacturers keep the cost per quart lower (but still give the oil the performance required) is to do a synthetic blend where there is some conventional oil mixed with synthetic oil. We will talk more about this later.

One of the main advantages of a full synthetic oil is extended oil drain intervals. For example, CHS runs their full synthetic oil (Cenex Maxtron Enviro-EDGE) in about 600 over-the-road rigs and they do an oil change every 50,000 miles. NOTE: They will change out the oil filter at 25,000 miles and also do an oil sample at that time. How do they know the oil is holding up? They watch the TBN number on

each oil sample. TBN stands for Total Base Number. Basically, it's testing the acid in the oil, ensuring it is not building up to a point where protection is being compromised.

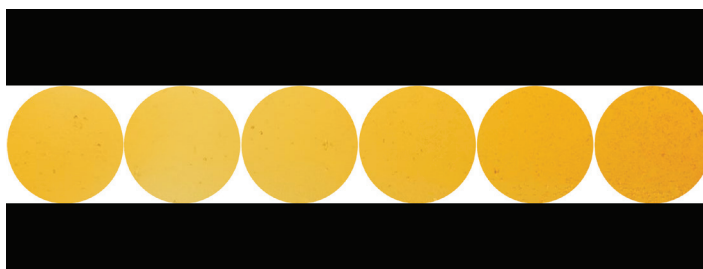
In the two images below, you can see the round oil molecules. Imagine the black rectangles represent the metal components in your engine. The oil creates

a thin barrier so they don't touch. As you can see in the image, conventional oil has different-sized molecules. Because of these different-sized molecules, the larger molecules take more of the stress load. This causes them to break down faster, and the oil does not last as long. In the image of the full synthetic oil, all molecules are the same size. This helps equalize the stress, giving it higher performance and a longer life.

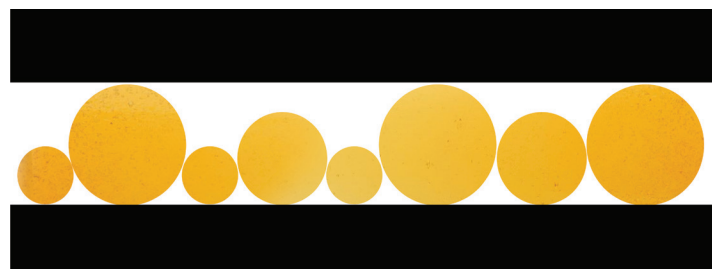
Another advantage of full synthetic oil is during cold weather starts. Because synthetic oil has a higher



SCOTT FEDDES



FULL SYNTHETIC OIL



CONVENTIONAL OIL

pumpability rating, it flows better in cold weather conditions. This means the oil gets to critical engine components faster during these harsh conditions. Engines also turn over easier and will start faster with a full synthetic oil. This is great for feeding tractors or other “ cold-blooded ” equipment.

There are a few myths out there about synthetic oil. One is that it is so thin that it will leak out of an engine that’s been running conventional oil. When synthetic oil first entered the market, they did not have enough seal swell additive in the oil, and this caused the leaking issue, which gave synthetic oil a lousy reputation. Since then, this issue has been corrected and is no longer a problem.

Another myth is that once you switch to synthetic oil, you cannot switch back. This is simply not true.

As mentioned earlier, another option is a synthetic blend. There’s a joke in the industry that to make a synthetic blend, all you have to do is put a teaspoon of synthetic into a 55-gallon drum of conventional oil, and now it’s a synthetic blend. Basically, there is no regulation on the percent of synthetic in an oil to be able to claim that it’s a synthetic blend. Most of the time, the manu-

facturer’s recommended oil change intervals align well with a synthetic blend.

It’s safe to say that you want your oil to protect the last hour as well as it did the first. Sure, most oil these days “meets spec” when it’s new. But have you ever thought about how quickly it goes out of spec? Every hour that is put on any oil, is causing it to break down. The only way to determine how it is holding up is to do oil samples and track the TBN.

So, back to our original question: is it worth the price? Well, that depends on your situation. If you’re not trying to extend your drain intervals or you’re not putting a lot of hours or miles on the oil annually, conventional oil is going to hold up just fine. If there are situations where you want a better cold weather start or you are trying to extend drain intervals, a synthetic blend or full synthetic oil is definitely worth looking at. Either way, you will want to confirm the oil you use meets the manufacturer’s specifications. A lot of these specifications can be found in one spot by scanning the QR code below. If you have questions or would like to purchase some oil samples, please feel free to contact Eric or myself in the Energy Department. We are here to help.

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QUICKLY FIND THE  
RIGHT LUBRICANT FOR  
YOUR EQUIPMENT



## BIG HOLE FUEL SERVICES ACQUISITION

WRITTEN BY JASON RORABAUGH, COO

We are excited to announce the acquisition of Big Hole Fuel Services (BHFS) in Wisdom, MT. BHFS is a family-operated bulk fuel, lubricant, and cardlock business owned by Kyle & Cali Malkovich. They have been providing the Big Hole Valley with quality products and exceptional services for many years, and we aim to continue with that same level you have come to expect.

We will continue to offer bulk delivery of gasoline and diesel to your operations and operate the cardlock facility located at 290 N Park St in Wisdom. There, you will find gasoline, clear diesel, and dyed diesel available for purchase with either a credit card or your Rocky card.

Over the coming weeks, we will be working

closely with BHFS to ensure a seamless transition. We will be available to assist you throughout this process and address any questions or concerns you may have. We are committed to making this transition as smooth as possible, and we will provide you with all the necessary information and support.



JASON  
RORABAUGH

Many of you may already have a charge account with Rocky Mountain Supply, so the transition will be quite smooth. If you do not have a charge account, please call 406-388-6116, and we will be happy to assist you in setting one up.

We wish Kyle and Cali all the best in their future endeavors!

# TIME TO GET DIRTY!

LUKE NEAL, AGRONOMY DIVISION MANAGER &  
DONNIE ENGELHARDT, SOIL HEALTH SPECIALIST

I want to take this opportunity to introduce our new Agronomist at our Dillon location. Donnie Englehardt comes to us with extensive knowledge of soil health. While many of our agronomists have different strong points, I feel that when it comes to soil health, this is definitely Donnie's strength. I asked him to write a small article about soil health to do something a little different than the articles I have done in the past.



LUKE NEAL

I encourage you to consider what he has to say and talk to your agronomist about testing your soils.

Thank you again for choosing Rocky Mountain Supply as your partner in the field. Our team loves what they do and enjoys working with you. You have heard the saying that it takes two to Tango. Well, without you, there is no "Tango" for the Agronomy Division at RMS. THANK YOU!

Hello!

Donnie Engelhardt, soil health specialist with Rocky Mountain Supply here to help you make more informed decisions on the farm and ranch agronomically.

One of the first things I always ask is, what is your most significant asset on your farm or ranch? We may have many things that we consider assets regarding farming and ranching. However, which assets would

you consider the most significant, critical, essential, and meaningful to your operation?

It should be your soil. That's right! Soil sustains life on earth, including

our own. One more question. What do you actually know about the most significant asset of your operation? We all have some soil knowledge, but I feel like we have various levels of expertise.

The first thing to understand is a soil test. Soil tests are probably the most important first steps in taking your knowledge and operation to another level. Testing the soil every 2-3 years (or whenever you're making a change to that field) can ensure these benefits: Optimized nutrient levels, identifying soil deficiencies, preventing over-fertilization, saving money and time, improving soil and plant health, optimizing PH levels, and identifying soil contaminants, to name a few. It's important to note that any nutrient not in the optimum level can be your limiting yield factor for any crop. Not only can it be a nutrient, but also water can be your limiting factor.

Remember this when looking at soil tests. Not all deficiencies are caused by a lack of nutrients. Not only can we have a shortage of nutrients or water, but we can also have too much. If you are excessively out of



balance, you can also start to tie up nutrients. Too much Calcium will begin to tie up Boron, Magnesium, and Phosphorus. Too much phosphorus, as another example, will tie up Zinc, Iron, and Copper. Just remember, too much or too little of anything can and will cause limiting factors that harm all systems. The complexity of understanding balance, ratios, and soil tests goes even further with crop type, region, and the chemical, physical, and biological makeup of the soil.

I hope this brief explanation gives you a direction to start improving your most significant asset and helps you make more knowledge-based decisions on your farm and ranch.

If anyone wants more info on soil testing options and how to understand soil tests, please give your local agronomist a call.

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*Jeff Nesbit*  
Belgrade MT  
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*Brandon Flikkema*  
Belgrade MT  
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*Jesse Gullion*  
Townsend MT  
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# PATRONAGE RETURNS CONTINUE TO HIT NEW HEIGHTS

BY TERRY SWEENEY, CFO

A record patronage pool resulted in the largest patronage distribution returned to the Rocky Mountain Supply owners/members. The patronage was based on earnings for the fiscal year-end January 31st, 2024. RMS sales topped \$148 million, providing gross margins of \$18.3 million and local savings of \$1,388,975. The local savings were then combined with strong CHS regional patronage and MEA partnership earnings to determine the final patronage pool.

In July 2024, a total patronage of \$3,146,548 was distributed. This patronage dividend was distributed back to the members/owners in the form of 40% Cash and 60% RMS Stock / Equity.

The RMS Board has also earmarked \$1,250,000 to be distributed as Equity Retirements later in 2024, matching the 2023 equity retirement total.

This patronage distribution marked the fourth year Non-Qualified Equity was distributed to the RMS Ag Producers (Farmers and Ranchers). The

benefit of the Non-Qualified Equity is that the tax liability falls onto the co-op. The Farmers and Ranchers only pay tax on the cash portion of your patronage. The RMS Board continues to look for financial benefits for



TERRY SWEENEY

the core members of the co-op through tax liability provisions and by continuing to bolster the percentage of actual cash returned.

As RMS continues to grow, this means the potential for a larger

patronage pool. The growth can be through traditional Farm & Home products like Feed and Fencing or as diverse as Sporting Goods and Grocery. The earnings for all RMS operations are pooled with regional patronage and partnership earnings. This pool is then distributed back to the membership based on purchases in AGRONOMY, RETAIL, and BULK FUEL (or, as I call it, the Rocky Mountain Supply 3-Headed Monster). This diversification is key as the results for each division will vary from year to year.

Thank you for supporting your locally-owned co-op.

All Agronomy Purchases **4.8%** of dollar purchases | Chemical, Seed, Services, etc.

## FERTILIZER (DRY & LIQUID)

**\$32.50 per Ton**

All Retail Purchases **5.0%** of dollar purchases | Feed, Fencing, Farm & Home Products

## RETAIL GASOLINE

**18.4 cents per gallon purchased**

## RETAIL DIESEL

**20.7 cents per gallon purchased**

All Bulk Lubricants and Bulk DEF Retail Purchases **5.0%** of dollar purchases

## BULK FUEL GASOLINE

**18.9 cents per gallon purchased**

## BULK FUEL DIESEL

**19.2 cents per gallon purchased**

Please Note:

1. The returns are based on a year-long average. Depending on when you bought the majority of your fuel, the return may vary. For example, if you bought gasoline at \$4.00 a gallon, the return may be 20 cents per gallon, but the overall average is closer to 18 cents per gallon.
2. The return rates and returns listed apply to the total patronage dividend you receive, equity, and cash combined. The current distribution is 40% cash and 60% RMS stock or equity.

## RMS to acquire Ranch Supply Business

BY BRAD GJERMO, CEO

We are proud and excited to announce that Rocky Mountain Supply is in the process of acquiring the assets of the ranch supply business, Feeds-N-Needs, which is located in Ennis, MT. Feeds-N-Needs has been in the business of supplying ranchers, consumers, and commercial operations with their feed, fencing, and related product needs since the 1960s. Pat Goggins and his family have operated the business since its inception.

The business will be incorporated into the RMS Ennis retail store business. We are in the process of building a feed warehouse and fencing yard at our Ennis retail site to accommodate this business. We will also incorporate some feed and fencing-related products within the Ennis retail store. We anticipate the closing of this acquisition to occur on or about November 1, 2024.

We want to thank Pat and his family for their years of commitment to serving the greater Madison and eastern Gallatin County areas with their products and services! We appreciate that they chose Rocky Mountain Supply as their partner to transition this business to serve their customers, that they have done so well for many years!

# MEET OUR MANAGERS!

BY FALLON GRANT, MARKETING COMMUNICATIONS SPECIALIST

**In this month's edition of the Rocky Talk, we wanted to highlight our Retail Store managers and introduce our new Belgrade store manager! These managers are critical to keeping our stores running, and we are thankful to have them all on the Rocky Mountain Supply team! Below are a few words from each manager. If you're stopping into the stores, be sure to say hi!**



**Dan Lewis** has been the Ennis Store Manager since August 2021.

Just over three years ago, I made the move to Montana and took on the role of Store Manager for Rocky Mountain Supply in Ennis. Before that, I lived in Utah, where I was born and raised. I worked for UPS as a Regional Hub Supervisor in Salt Lake City. After much deliberation, I quit my job, sold my house, and took on a new job in Ennis.

One of my favorite parts about working for Rocky is our place in the community and our customer base. I enjoy being part of people's daily routines and learning about folks from all different walks of life. Knowing the store is trusted and relied upon by our customers is a great feeling.

When I'm not working, I'm usually outside with my two dogs (Haines and Dean). We try to spend as much time as possible catching fish, going fishing, or returning from fishing. I also enjoy drawing, wood burning, and painting.



**Desirae Bandy** has been the Townsend Store Manager since October of 2023.

My name is Desirae Bandy; I have been the Store Manager of the Townsend retail store for a year now. However, I have worked for Rocky Mountain Supply for over ten years. I started at RMS as a part-time cashier and have worked as department head of clothing and animal health, receiving and admin paperwork, apparel buyer, and store manager.

I enjoy the employees and customers at Rocky. I have met many great people here, and it is an excellent company to work for.

I enjoy spending my days off with my husband and our pets on the Matador ranch where he works. I enjoy spending time with my two adult kids, traveling, camping, spending time at the lake with good friends, and exploring the mountains.



**Reed Akin** is new to our Retail Store Manager team, stepping into the Belgrade Store Manager.

Hi, my name is Reed Akin. I am extremely excited to start my journey with the Rock Mountain Supply team. I am looking forward to working with an incredibly focused and passionate team, and I am very enthusiastic about getting to know our customers, co-op members, and team.

Growing up in a ranching family ignited my passion for cattle and hay production. Working at an unnamed competitor for the last 12 years, I have developed and established my skills in the supplier aspect of the business. I also developed my leadership skills and passion for the Montana ranching community further. My previous experience has also allowed me to develop a strong understanding of the firearms industry. I'm excited to assist Rocky Mountain Supply customers in all aspects of the business.

When not at work, I can be found hunting big game and waterfowl, fishing in Montana's beautiful rivers, or long-range competitive shooting. I also enjoy putting miles on my horses and helping family and friends brand, gather, and ship cattle. When not enjoying Montana outdoors, I like to spend time with my family and cook meals with wild game and ingredients provided by Montana's producers.

I'm excited to work for a community-focused company that helps deliver products that I am passionate about to our customers and co-op members. During my short time with the company, I have felt extremely welcomed.



**Perry Shank** has been the Dillon Store Manager since February 2024.

Hi, this is Perry Shank. I started at RMSI Dillon in May of '20 as the ugliest cashier in Dillon. A year later, I applied for the Customer Service Department Head position. I loved my time cashiering, training new cashiers, and working with my customers! About a year into that, Tari Eaves transitioned into Accounts Payable, and I took over her duties as Office Admin and continued my Customer Service duties. In February of '24, I stepped into the Retail Store Manager role.

The best part of working at RMSI is customer interaction. I love my customers, be it the regulars, the community members who come in once a week, or the random people who roll in off the interstate. Beyond that, I firmly believe that if this store and the company as a whole support our communities, they will support us. We started as a small-town ranch supply co-op and need to remember our roots.

Outside of work, I answer work calls and type emails and dream about getting work calls and typing emails. I also enjoy long walks on the beach and horseback rides into the sunset.

In truth, I'm a big reader and spend most of my time with my wife and kid. I also like cooking and hitting up heavy metal concerts.



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Marshall, MN  
56258

Rocky Mountain Supply INC.

210 Gallatin Farmers ave.

Belgrade, MT 59714

## RMSI Accepting Applications for Scholarship Program

Rocky Mountain Supply is now accepting applications for its scholarship program for 2024. RMSI awards 3-\$1,500 scholarships to students attending an accredited four-year university or college and 1-\$1,500 scholarship to a student attending a community/technical college on a two-year program. For the students attending a four-year university or college, the students must be in their fifth semester (junior classification) to be eligible. For students attending a community/technical college, the students must be in their third semester of their program.

All students must be achieving a minimum cumulative grade point average of 2.75 on a 4.0 scale to be eligible to apply. Applications must be submitted by **November 15, 2024**, to be considered. Additional information and the application, along with application instructions, can be found on the Rocky Mountain Supply website at [www.rmsi.coop](http://www.rmsi.coop) under the "Donations and Scholarships" tab. If you have any further questions, please reach out to the RMSI CEO, Brad Gjermo, at 406-388-4009 or email at [bradjermo@rmsi.coop](mailto:bradjermo@rmsi.coop).