

VIRGINIA ELECTRIC AND POWER COMPANY
RICHMOND, VIRGINIA 23261

April 16, 1991

U. S. Nuclear Regulatory Commission
Attn: Document Control Desk
Washington, D. C. 20555

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Docket Nos. 50-338
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License Nos. NPF-4
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Gentlemen:

VIRGINIA ELECTRIC AND POWER COMPANY
NORTH ANNA POWER STATION UNITS 1 and 2
SPECIAL REPORT ON AN INDEPENDENT CONTRACTOR'S
SECURITY PROGRAM FAILURE

Virginia Electric and Power Company Quality Assurance department conducted an audit and investigation of the security program of a company contractor, Institute For Resource Management, Inc. (IRM) in October 1990. The audit and investigation revealed improper conduct by IRM and its subcontractor, HSLM, Inc. (HSLM) in that HSLM reported the results of criminal history record checks to IRM which subsequent information indicates may not have been properly completed. This was compounded by IRM's apparent failure to satisfactorily fulfill its responsibilities under its approved Security Screening Program to properly evaluate the performance of their subcontractor.

During 1989, IRM provided contract employees to our nuclear facilities with requests for unescorted access authorization based upon the synopses of the employees' background investigation. This information was supplied by IRM in compliance with IRM's approved screening program. IRM subcontracted the criminal record searches to HSLM. HSLM provided the results of the checks to IRM as having actually been further subcontracted to Equifax Services (Equifax).

One individual supplied by IRM to North Anna Power Station was authorized for unescorted access from April 7, 1989 through June 23, 1989 when his access authorization was terminated with the completion of the assigned job. Subsequent to his departure, we received the results of the FBI Criminal Records check indicating an arrest on criminal drug related charges, without disposition, in a jurisdiction reported by IRM as having no criminal record for the individual. The charges were not adjudicated until July 1989, however additional investigation indicated the possibility of questionable activity in the performance of the criminal records check by HSLM.

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We contacted Equifax to determine the cause of the discrepancy between the results of the FBI record check and the one provided to IRM by HSLM. Equifax stated that they had not performed the searches in question and further stated that the documents provided to IRM by HSLM were fraudulent. Requests for additional information from IRM have not been satisfactorily answered.

While there was no apparent significant degradation of our security program as a result of this particular incident, the potential for such existed. As a result of the questionable activities, IRM's screening program was immediately suspended and additional steps have been taken to prevent the use of IRM background investigation for individuals seeking unescorted access to Virginia Power's nuclear facilities. Also, IRM employees' background investigation and FBI record returns were evaluated. There were no additional discrepancies identified.

Although regulations do not require the reporting of this information, we believe that it is appropriate as other individuals screened by IRM may be currently working at other nuclear facilities. Additional details of these events are available at your request.

Very truly yours,



W. L. Stewart
Senior Vice President - Nuclear

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Mr. M. S. Lesser
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