

COMPANHIA DE SANEAMENTO BASICO DO ESTADO DE SAO PAULO-SABESP

Form 6-K

March 09, 2010

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 6-K

REPORT OF FOREIGN ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF THE
SECURITIES EXCHANGE ACT OF 1934

For March 09, 2010

(Commission File No. 1-31317)

Companhia de Saneamento Básico do Estado de São Paulo - SABESP
(Exact name of registrant as specified in its charter)

Basic Sanitation Company of the State of Sao Paulo - SABESP
(Translation of Registrant's name into English)

Rua Costa Carvalho, 300
São Paulo, S.P., 05429-900
Federative Republic of Brazil
(Address of Registrant's principal executive offices)

Indicate by check mark whether the registrant files or will file
annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K
in paper as permitted by Regulation S-T Rule 101(b)(1).

Indicate by check mark if the registrant is submitting the Form 6-K
in paper as permitted by Regulation S-T Rule 101(b)(7).

Indicate by check mark whether the registrant by furnishing the
information contained in this Form is also thereby furnishing the
information to the Commission pursuant to Rule 12g3-2(b) under
the Securities Exchange Act of 1934.

Yes No

If "Yes" is marked, indicated below the file number assigned to the
registrant in connection with Rule 12g3-2(b):

COMPANHIA DE SANEAMENTO BÁSICO DO ESTADO DE SÃO PAULO SABESP

**PUBLICLY-HELD COMPANY
CORPORATE TAXPAYER ID (CNPJ): 43.776.517/0001 -80**

NOTICE TO THE MARKET

Companhia de Saneamento Básico do Estado de São Paulo Sabesp, hereby announces to its shareholders the current phase of the negotiations between the government of the state of São Paulo (State), its controlling shareholder and the São Paulo Municipal Government (Municipality), to enter into a Partnership Agreement to establish the bases for sharing the responsibilities for water supply and sewage services for the city of São Paulo. The negotiations also include Sabesp and the São Paulo State Sanitation and Energy Regulatory Agency (ARSESP), both as intervening and consenting parties.

Considering that the definition of the power of concession for public basic sanitation services (Articles 25 and 30 of the Federal Constitution) has been subject of a lengthy legal dispute and the object of ongoing lawsuits in Brazil s Supreme Court, this partnerships aims to guarantee the continuity of services rendered to the population of São Paulo city, integrate local, metropolitan and state sanitation policies and grant Sabesp the exclusive right to provide the services for the next thirty (30) years, among others.

On February 8, 2010, the Municipality held a Public Hearing to disclose the draft of said Partnership Agreement.

At this moment the draft of the Partnership Agreement is available till March 5, 2010 at the Municipal Housing Department Portal (www.prefeitura.sp.gov.br/cidade/secretarias/habitacao/), at the link Planos .

São Paulo, February 19, 2010.

Rui de Britto Álvares Affonso
Chief Financial Officer and Investor Relations Officer

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the city São Paulo, Brazil.

Date: March 09, 2010

**Companhia de Saneamento Básico do Estado de São Paulo -
SABESP**

By: /s/ Rui de Britto Álvares
Affonso

Name: Rui de Britto Álvares
Affonso
Title: Chief Financial Officer and
Investor Relations Officer

FORWARD-LOOKING STATEMENTS

This press release may contain forward-looking statements. These statements are statements that are not historical facts, and are based on management's current view and estimates of future economic circumstances, industry conditions, company performance and financial results. The words "anticipates", "believes", "estimates", "expects", "plans" and similar expressions, as they relate to the company, are intended to identify forward-looking statements. Statements regarding the declaration or payment of dividends, the implementation of principal operating and financing strategies and capital expenditure plans, the direction of future operations and the factors or trends affecting financial condition, liquidity or results of operations are examples of forward-looking statements. Such statements reflect the current views of management and are subject to a number of risks and uncertainties. There is no guarantee that the expected events, trends or results will actually occur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.
