

COMPANHIA DE SANEAMENTO BASICO DO ESTADO DE SAO PAULO-SABESP

Form 6-K

August 20, 2004

**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 August 19, 2004

(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

A PUBLICLY-TRADED COMPANY

CNPJ # 43.776.517/0001-80

RELEVANT NOTICE

TARIFF ADJUSTMENT

As required by CVM Instruction #358, dated January 3, 2002, COMPANHIA DE SANEAMENTO BÁSICO DO ESTADO DE SÃO PAULO - SABESP hereby announces that, in accordance with Article 28 of the Tariff System Regulation approved by State Decree #41,446, dated December 16, 1996, tariffs of water supply and sewage collection services will be adjusted by 6.78% (six point seventy eight percent), effective as from August 29, 2004.

SABESP's tariff adjustments were calculated using the formula below:

$$\text{IRT} = \frac{(\text{VPA} \times \text{IrA}) + (\text{VPB} \times \text{IrB})}{\text{R}}$$

Where:

IRT = Tariff Adjustment Index

VPA = Amount A, which corresponds to the values recorded between July 2003 and June 2004, related to costs and expenses with: electric power; treatment supplies; federal taxes; CPMF - Contribuição Provisória sobre Movimentação Financeira (Temporary Contribution on Financial Transactions); Cofins/Pasep taxes on revenues; State and Municipal taxes; and charges for the exploitation of water resources for the purpose of public supply;

IrA = Adjustment Index for Amount A: the annual variation of the following ratio: Amount A values, accumulated between July 2003 and June 2004, divided by the accumulated billed volume in the same period, in relation to the same calculated ratio between the Amount A values, accumulated between July 2002 and June 2003, divided by the accumulated billed volume in the same period;

VPB = Amount B, which is obtained by the difference between Gross Operating Revenues, accumulated between July 2003 and June 2004, and the Amount A for the same period;

IrB = Adjustment Index for Amount B = equals to the IPCA Index (Brazilian Wide Ranging Consumer Price Index) published by IBGE - Instituto Brasileiro de Geografia e Estatística (Brazilian Institute of Geography and Statistics), accumulated between August 2003 and July 2004;

R = Gross Operating Revenues, which corresponds to the values recorded between July 2003 and June 2004, originated from direct and indirect operating revenues related to water supply and sewage collection services;

One should consider SABESP's official information as data source for the tariff adjustment calculation, in particular the financial statements periodically issued (i.e. DFP - Demonstrações Financeiras Padronizadas (Standard Financial Statements according to the Brazilian Corporate Law) and ITR - Informações Trimestrais (Quarterly Financial Statements according to the Brazilian Corporate Law)).

Further details on the adjustment application will be made available on SABESP's website www.sabesp.com.br and will also be published at the São Paulo State Official Gazette.

São Paulo, August 18, 2004.

Rui de Britto Álvares Affonso
Economic and Financial Director and Investor Relations Officer

