

COMPANHIA DE SANEAMENTO BASICO DO ESTADO DE SAO PAULO-SABESP

Form 6-K

March 30, 2006

**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 30, 2006

(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):

THE BOARD OF DIRECTORS PROPOSAL

Dear Shareholders,

The Board of Directors of Companhia de Saneamento Básico do Estado de São Paulo - SABESP submits to the Annual General Meeting's analysis, in the statutory format and under the terms of Article 131 of the Law 6404/76 and amendments, this proposal, which was already approved by this Board of Directors and included in the Call Notice for the Annual General Meeting, which will be held on April 27, 2006, in order to deliberate on the following agenda:

- I. To analyze Management Accounts and the Financial Statements supported by the Opinions of the Fiscal Council and External Accountants, related to the fiscal year 2005, in conformity with the Management Report, the Balance Sheet and corresponding Notes.
- II. To resolve on the allocation of the net income and the transfer of the retained earnings balance to the investment reserve;

The proposal for the allocation of net income for the fiscal year of 2005 is in compliance with Article 192 of Law 6404/1976 and amendments:

| | | |
|----------------------------------|-----|----------------|
| Net income in the period | R\$ | 865,647,161.85 |
| (+) Realized Revaluation Reserve | R\$ | 89,448,707.31 |
| (-) Interest on Own Capital | R\$ | 348,215,594.64 |
| (-) Legal Reserve 5% | R\$ | 43,282,358.09 |
| Retained Earnings | R\$ | 563,597,916.43 |

In order to meet the investment needs envisaged in the Company's Multiyear Capital Budget, in the amount of R\$ 3,870.7 million for the period between 2004 and 2007, we propose to transfer R\$ 563,597,916.43 from retained earnings to investment reserves.

- III. To elect sitting and deputy members of the Board of Directors and Fiscal Council.
The Board of Directors is at the entire disposal of the Shareholders to provide the necessary clarifications.

São Paulo, March 23, 2006.

Mauro Guilherme Jardim Arce
Chairman of the Board of Directors

